

India and Pakistan Vow to Reduce Nuclear Risk

Leaders Are to Share Data
In Bid to Resolve Disputes

By Kenneth J. Cooper
Washington Post Service

LAHORE, Pakistan — India and Pakistan agreed Sunday to work to reduce the risk of a nuclear war on the subcontinent by exchanging strategic information about their arsenals and giving each other advance notice of ballistic missile tests.

The neighboring nations, which have lived in hostility in the more than half a century since their independence, also pledged to intensify diplomatic efforts to resolve their central dispute over the Himalayan territory of Kashmir as well as other differences. Political leaders are to be more engaged in ongoing talks, with periodic meetings between foreign ministers and a proposed visit to India by Prime Minister Nawaz Sharif of Pakistan.

The agreements came at the end of a weekend summit meeting here in Pakistan's second-largest city, where Prime Minister Atal Bihari Vajpayee encountered an orchestrated atmosphere of friendliness as the first Indian prime minister to visit Pakistan in a decade. Both countries were eager to make demonstrable progress on their disputes, partly in response to the international pressure that followed the series of nuclear tests they both conducted last year.

The two sides shall engage in bilateral consultations on security concepts and nuclear doctrines, with a view to developing measures for confidence



Nawaz Sharif, left, shaking hands with Atal Bihari Vajpayee at the end of their meeting Sunday.

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Albright Confronts Kosovo Deadlock

NATO Threat
Weakened by
Albanian 'No'

By Joseph Fitchett
International Herald Tribune

PARIS — The Kosovo talks plunged into crisis as Secretary of State Madeleine Albright said Sunday that both Serbians and ethnic Albanians were refusing key points in the peace plan that the United States, Russia and European countries were trying to impose.

After four hours negotiating with both sides on the first day after talks were extended until Tuesday, Mrs. Albright acknowledged that the deadlock could stymie the U.S. push for a settlement and deprive the West of the leverage of threatened NATO air strikes.

"We had never said that there would be bombing of the Serbs if there was a 'no' answer also from the Albanians," she said late Sunday in an interview on CNN television.

The U.S. negotiating strategy in the Rambouillet talks outside Paris had focused on persuading ethnic Albanian



Mrs. Albright arriving at the Rambouillet talks site on Sunday.

In Belgrade, few people believe a NATO attack will come. Page 4.

Bomb Strike Poses New Kind of Risk For Alliance

By William Drozdiak
Washington Post Service

BRUSSELS — If the Kosovo peace talks collapse and blame is pinned on the Serbs, the scenario for the first direct assault in NATO's history against the territory of a sovereign nation has already been written.

But while the military blueprint may be precisely drawn, the political ramifications are still murky. Beneath a veneer of consensus, several NATO governments remain troubled by the prospect of a powerful military alliance — founded on principles of self-defense — lash out against a country that, for all its excess brutality, has not attacked a NATO member.

As the Rambouillet peace talks lurch toward a new Tuesday deadline, the North Atlantic Treaty Organization is awakening to the fact that regardless of the outcome, the alliance will be crossing an important threshold that is fraught with perilous consequences for its future as a pan-European security guarantor.

If the Serbs and ethnic Albanians agree to an interim peace deal, NATO will embark on a sensitive peacekeeping job in Kosovo that may prove riskier than the casualty-free mission it has carried out for three years in Bosnia.

Senior NATO commanders say they are confident a vanguard force of 6,000 to 10,000 troops from Macedonia could rush in to pacify the environment and lay the foundations for a 28,000-strong peacekeeping mission that could be fully operational within 45 days.

The task of disarming Kosovo rebels and supervising a Serb withdrawal would undoubtedly prove tricky. But senior alliance diplomats say the costs and headaches of deploying a NATO-led force on the ground are far more desirable than dealing with consequences of a breakdown and the need for NATO to make good on its threat to bomb Yugoslavia.

"From the military point of view, the air strikes should be a piece of cake," a NATO ambassador said. "But when you start to calculate the political impact and what might come after the bombing, things start to get messy."

Although NATO Secretary General Javier Solana was given sole authority last month by NATO governments to approve air strikes largely to avoid any prolonged debate, he has promised to consult with the allies before triggering air strikes against Serb targets.

Once he gives the green light, alliance military commanders have made no secret about the next order of business: They will dispatch orders to warships and submarines of the U.S. 6th Fleet cruising in the Mediterranean to launch a volley of cruise missiles at Yugoslavia's radar and anti-aircraft systems.

As soon as Yugoslav defenses are paralyzed and allied planes are assured of superiority in the skies, an escalated air campaign would target Serbian military warehouses and command posts, especially those that have been instrumental in waging the 13-month campaign of repression against Kosovo Albanians.

But NATO diplomats say what is provoking consternation within the alliance is the anguished matter of what would follow the bombing. The United States has argued that hitting the Serbs hard with bombs and missiles that destroy their prized air defenses could

Telecom Italia Scorns Olivetti's \$60 Billion Offer

By Daniel Liefgreen
and Alan Friedman
International Herald Tribune

MILAN — Olivetti SpA of Italy has sparked one of Europe's biggest corporate takeover battles by its weekend announcement of a \$60 billion bid for control of Telecom Italia, the formerly state-owned telecommunications group.

In addition to shaking up Europe's telecommunications industry, Olivetti's hostile bid, if successful, could redraw the map of Italian capitalism by shaking

up long-standing alliances between banks and industrial companies.

After a hastily called board meeting Saturday, Telecom Italia, Europe's third-largest telecommunications group, rejected Olivetti's offer, which includes about \$40 billion in cash and the rest in shares and bonds. Telecom Italia said that the offer was "riddled with holes" and that Olivetti failed to include sufficient information to make a complete evaluation.

Franco Bernabe, the recently appointed chief executive of Telecom Italia,

was said by sources close to the company to be racing to come up with a defensive strategy.

One senior executive close to Telecom Italia predicted "a long battle with plenty of bloodshed on both sides."

Many Rome insiders, however, believe the Olivetti bid may enjoy the tacit support of Prime Minister Massimo D'Alema, who said Friday the government's position was neutral, but at the same time hailed the bid as "courageous."

Even though the Italian treasury re-

mains Telecom Italia's largest shareholder with a 3.4 percent stake, and can block strategic decisions through its so-called golden share, the government appears to be taking a hands-off position.

Treasury Minister Carlo Azeglio Ciampi said Saturday in Bonn, where he was attending the meeting of finance ministers from the Group of Seven industrial countries, that standard takeover rules would apply to the deal. He said the government would pro-

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U.S. Helped to Catch Kurdish Leader

Electronic Surveillance Gave
Turks Ocalan's Whereabouts

By Tim Weiner
New York Times Service

WASHINGTON — The United States worked for four months to help Turkey arrest Abdullah Ocalan, the Kurdish rebel leader, according to U.S. officials.

U.S. diplomatic pressure backed by intelligence-gathering helped to put Mr. Ocalan in flight from a haven in Syria, to persuade country after country to refuse him sanctuary and to drive him into an increasingly desperate search for a place of refuge, the officials said.

"We as a government tried to figure out where he was, where he was going and how we might bring him to justice," a senior U.S. official said.

Like Turkey, the U.S. government, whose involvement in Mr. Ocalan's capture was first reported by the Los Angeles Times, considers Mr. Ocalan a

terrorist. He leads the Kurdish Workers Party, which has waged a violent campaign against Turkey for 15 years, seeking autonomy for the Kurdish people. Some 37,000 people have died in that fight.

The United States has an increasingly close military and intelligence relationship with Turkey, a North Atlantic Treaty Organization ally, that allows U.S. pilots to fly missions against Iraq from a NATO base in Incirlik. That military post also serves as an electronic eavesdropping station for U.S. intelligence agents to spy on Iraq.

Mr. Ocalan's arrest last week led to angry protests by Kurdish demonstrators, who attacked Greek consulates and embassies across Europe and tried to storm the Israeli Consulate in Berlin on the strength of rumors that Greece and Israel had been involved in his capture. So far, the United States has not been a target of their anger, although the State Department has urged Americans traveling overseas to take precautions.

Since October, Mr. Ocalan had been on the run — from Syria to Italy to Russia to Greece. He finally

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Prime Minister Ecevit in Ankara on Sunday.

EU Aims Its Scythe at Farm Subsidies

As Ministers Meet on Budget, Brussels Braces for a Mass Demonstration

By Barry James
International Herald Tribune

BRUSSELS — The European Union embarked on a critical week in its history Sunday with negotiations to tighten and redistribute its budget to pave the way for new members from Eastern and Central Europe.

The changes were likely to involve large cuts in farm subsidies, the prospect of which has touched off protests in several countries. Belgium deployed thousands of extra police into its capital and sealed off some areas against an expected mass demonstration by farmers as agriculture ministers meet Monday to discuss the Common Agricultural Policy that is to start next year. The changes foresee cuts of as much as 30 percent in some subsidies, compensated for by direct payments to poorer farmers.

In a second strand to the budget negotiations, EU foreign ministers conferred in Luxembourg on Sunday to

prepare the ground for a summit meeting in Bonn on Friday at which heads of state and government will seek further agreement on the 2000-2006 budget.

The foreign ministers also discussed international issues including Kosovo and Turkey's capture of the Kurdish rebel leader Abdullah Ocalan.

The EU's timetable is unusually tight, with countries hoping to wind up the interconnected budget and farm issues at a special summit meeting in Berlin at the end of March.

Although countries are far apart on many issues, the outlines of a possible deal were emerging. Most member states agree on freezing agricultural spending near the current level of 40.4 billion euros (\$44 billion) a year, the largest component of a budget that en-

visages payments of 86.3 billion euros this year.

Structural funds, which amounted to more than 30 billion euros in 1999, plus a 2.9 billion euro cohesion fund — both intended to redistribute wealth toward poorer areas — also face pressure from budget-squeezers in Germany and the Netherlands, which benefit relatively little from them.

Germany argues that it pays into the EU some 11 billion euros more than it gets back, and Chancellor Gerhard Schröder's demand for relief from this disparity is at the heart of the debate.

Germany argues that until the budget issue is resolved, the EU cannot successfully honor its promise to admit up

See FARM, Page 5

Allied Patrols Over Iraq Turn Into a Low-Level War

By Steven Lee Myers
New York Times Service

WASHINGTON — Not so long ago, U.S. Air Force pilots sent to Saudi Arabia and Kuwait to contain Saddam Hussein complained that their mission had become routine: Flying monotonous loops in the no-flight zone over southern Iraq, waiting for hostilities that never came.

All that has changed. In the unrelenting aftermath of the four-night battering of Iraq in December, U.S. and British pilots enforcing the southern no-flight zone and the smaller zone in northern Iraq now find themselves dodging Iraq's newly aggressive air defenses and responding with punishing strikes of their own.

The Pentagon does not like to say it, but these skirmishes — coming, on average, every other day — have quickly turned into a low-level war. It is a war of attrition and appears to have no end in sight, since U.S. officials say it will continue as long as President Saddam's forces keep challenging the U.S. and British patrols.

Not since the Gulf War in 1991 — and, before that, Vietnam — have U.S. forces engaged in such routine combat in such a sustained way over such a prolonged period. Perhaps the closest parallel today is Israel's continuing war against Islamic factions in southern Lebanon.

The recently concluded impeachment trial of President Bill Clinton and other distractions may have deprived the fighting of much attention, but U.S. and

British jets have now struck about 70 military targets that the Pentagon said had posed a threat.

Operating under new rules of engagement, the pilots have broadened their attacks to include air defenses and other targets, not just those that directly confront them.

This new war embraces many of the hallmarks of U.S. military strategy, including a reliance on technological superiority to overwhelm the enemy and the avoidance of any risk to American lives.

But it lacks the guiding principle once known as the Powell Doctrine, after General Colin Powell, the former chairman of the Joint Chiefs of Staff, who held that the United States should never commit its forces to

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AGENDA

G-7 Takes Small Step to Deal With Crisis

Finance ministers from the world's richest nations, who met this weekend in Bonn, have set up a new forum to deal with global market turmoil, but the move fell markedly short of recent calls to overhaul the international financial architecture.

Still, as the outlook for the world economy has deteriorated, the creation of a "financial stability forum" with a deliberately narrow scope was

one of the few points of agreement among the finance chiefs of the Group of Seven — the leading industrialized nations.

The ministers remained openly divided over German-led plans to impose regulations or currency trading bans to curb the sort of speculative market swings that have left a trail of economic destruction from Asia to Latin America. Page 4.

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More Seoul Reform

Six major life insurers that are saddled with debt are candidates for takeover or dissolution in the next round of financial reforms, the South Korean Financial Supervisory Commission said. Page 11.

Newstand Prices

Bahrain	1,000 BD	Mails	55¢
Cyprus	€ 1.00	Nigeria	12500 Naira
Denmark	17 DKR	Oman	1,250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	IR £1.10
Great Britain	UK £1.00	Saudi Arabia	10 SR
Guatemala	Q 5.50	S. Africa	R16 Inc VAT
Hong Kong	HK \$1.00	U.A.E.	10.00 DH
India	1,250 IN	U.S. Mail	US \$1.20
Japan	700 Yen	Zimbabwe	200 Z\$

THE AMERICAS

Ottawa's New-Age Diplomacy Ruffles Many Feathers in Washington

By Steven Pearlstein
Washington Post Service

NEW YORK — In official Washington, he has put more than a few noses out of joint by his efforts to outlaw land mines, create a new international criminal court and end the economic and diplomatic isolation of Cuba.

Within NATO, he has raised a fuss

over use of tactical nuclear weapons. And behind the scenes, he is putting together a new alliance of middle powers — The Humanitarian 8, he has dubbed it — as a counterweight to the big-power Group of Seven.

Lloyd Axworthy, it seems, does not understand that the Canadian foreign minister is supposed to walk softly and carry a little stick. Not since Lester Pearson won the Nobel Peace Prize for

brokering the end to the Suez crisis of 1956 has a Canadian moved so boldly — some would say presumptuously — on the world stage.

Just last week, for example, Mr. Axworthy brought his pulpit diplomacy to the United Nations Security Council, where Canada is the president this month. He delivered a public rebuke to

Russia and China for abusing their veto power and preventing quick action to end the slaughter of women and children in Kosovo and Nigeria.

"Canada has been punching above its weight class recently," said Joseph Nye, dean of the Kennedy School of Government at Harvard University.

Mr. Axworthy crusades these days under the banner of "soft power," a kind of touchy-feely approach to international relations that emphasizes negotiation over confrontation, "human security" over national security and the power of ideas over the power of weapons.

In the new post-Cold War paradigm, he argues, influence is shifting away from diplomatic elites and nation states that operate largely in secret toward international organizations and nongovernmental players — unions, businesses, activists and interest groups of all kinds — engaged in an ongoing public dialogue.

He is quick to add that "soft power" does not mean wimp power — that it must sometimes be backed up with traditional military means when confronted with the intransigence of countries such as Yugoslavia and Iraq. But as critics

have pointed out, Mr. Axworthy's commitment to "hard power" has been somewhat spotty over the years.

After all, this was the young politico who nearly bolted from the Liberal Party in the 1960s when his hero, Mr. Pearson, agreed to allow the United States to place nuclear missiles on the Canadian tundra. And while serving in the cabinet in the 1980s, he opposed allowing the Pentagon to test cruise missiles over Canada.

In 1991, when he was on the opposition bench in Parliament, Mr. Axworthy made the case against Canada's joining the campaign to drive Iraqi forces out of Kuwait. He wanted to give economic sanctions a chance.

More recently, he supported a 30 percent cut in Canada's military budget that has left its forces at times unable to mobilize effectively for peacekeeping operations in Africa and the Balkans.

"Soft power encourages the view that all Canada needs in world politics is a few good ideas that will get others to do what we want," wrote Kim Richard Nossal, a professor at McMaster University in Ontario, in a recent article in the Ottawa Citizen. "It also encourages the view that

we can do foreign policy on the cheap." The U.S. government has chided Canada about its stinginess in defense spending. At \$6 billion, Canadian outlays amount to about one-quarter of what Americans spend to finance the Pentagon after adjusting for the size of the two economies.

While Mr. Axworthy's New Age diplomacy may be ruffling feathers in Washington, it has been a big hit with Canadian voters, who generally share the foreign minister's passion for human rights and his instinct for giving Americans an occasional poke in the eye.

Over breakfast in his hotel suite before the Security Council session, Mr. Axworthy did not mince words about what he considers the sometimes sluggish and arrogant quality of U.S. foreign policy.

"There is still a strain in American policy to go it alone," he said, "and that worries me the most." He decried the willingness of Americans to act outside international institutions and alliances that refuse to adopt the U.S. position. "For the Americans to stand on the outside and wave a big stick, I don't see how this adds to the world order," he said.

Gore Aides Worry Over Mrs. Clinton

By Frank Bruni
New York Times Service

WASHINGTON — Over the past week, Democrats have revealed in the possibility that Hillary Rodham Clinton might run for one of New York's seats in the U.S. Senate, casting her hypothetical candidacy next year as a precious gift from the political gods. For the state's beleaguered Democratic Party, it might be exactly that.

But for someone else with a rather large stake in the elections of 2000, Mrs. Clinton's candidacy might not be so divine. Democratic political analysts and several advisers of Vice President Al

Gore, the front-runner for the Democratic nomination for president, say Mr. Gore may have more to lose than gain if Mrs. Clinton runs in New York.

"It probably creates a little bit of a distraction for two of Al Gore's most important supporters, namely the president and the first lady," said Geoff Gartin, a Democratic pollster. "Both Clintons could and would play an enormously supportive role for Gore in a whole host of ways, and if Mrs. Clinton is a candidate for the Senate, there's going to be something at least as pressing on their to-do list."

Her candidacy also could draw money and celebrities from Mr. Gore's side to

Mrs. Clinton's. "Will it overlap with some fund-raising?" asked one of Mr. Gore's campaign advisers, who spoke on the condition of anonymity. "Yes. Will it be a high-profile campaign that attracts talent we would like to attract? Yes."

[New York's governor, George Pataki, said the state did not "need" Mrs. Clinton. The Associated Press reported. "She's thinking about moving to New York to straighten things out. Well, let me say with all due respect, we don't need liberal Democrats moving from Washington to the states to straighten out the states," Mr. Pataki said Saturday at a Republican gathering in Springfield, Missouri.

[Separately, a TIME/CNN poll taken in New York state showed that Mrs. Clinton currently would defeat New York's mayor, Rudolph Giuliani, a Republican, by a margin of 52 percent to 43 percent.]

Craig Smith, who has been hired to manage Mr. Gore's campaign, said the diminished presence of the Clintons on the campaign trail for Mr. Gore would not be critical, in part because the excitement about the Democratic Party that the Clintons would create in New York would fan out to other places.

But other people working on Mr. Gore's campaign said that for the vice president, there would be an undeniable downside. They said that while Mr. Gore had not expressed any reservations about Mrs. Clinton's candidacy, some of his advisers had discussed the implications.

Mr. Clinton tried Friday to let a little air out of the speculative bubble over his wife's political future. In response to a question at a brief news conference with President Jacques Chirac of France, Mr. Clinton said the election for a Senate seat in New York was still 21 months away and that he had advised Mrs. Clinton not to rush a decision.

The president cautioned: "It's important to remember this is an election which occurs in November of 2000, and she has just been through a very exhausting year. And there are circumstances which have to be considered, and I think some time needs to be taken here."

POLITICAL NOTES

Time for Candidates To Visit Hollywood

LOS ANGELES — Senator John McCain, Republican of Arizona, who is putting together a presidential campaign, has visited Hollywood for lunch with Barry Diller and dinner with Michael Eisner. At the same time, Senator John Kerry, Democrat of Massachusetts, who is considering a White House bid, discussed the situation with Norman Lear.

And Vice President Al Gore, who is definitely in the presidential race, has been chatting over the phone and meeting the three Democratic moguls running the entertainment company DreamWorks: Jeffrey Katzenberg, Steven Spielberg and David Geffen.

Mr. Eisner, chairman of Walt Disney Co., and Mr. Diller, chairman of USA Networks, are teaming up for a high-profile event Thursday.

The two have invited leaders of the entertainment industry and other businesses to meet Bill Bradley, a former Democratic senator from New Jersey

— but not to contribute to his presidential campaign. The two moguls are friends of Mr. Bradley.

"This whole relationship between Hollywood and Washington is as natural as a marriage," said Mr. Lear, the television producer. "We're basically in the same business. We're coveting the audience's attention. We're all really looking for affection and approval." (NYT)

Quote/Unquote

Governor Christie Whitman of New Jersey, who is being heavily lobbied by state and national Republican leaders to run for the seat being vacated by Senator Frank Lautenberg, a Democrat: "I've got to decide what's the best way to serve the people of this state, and family becomes very important in this as well. Don't forget, there's a real world outside of politics, too. And while my husband has some doubts about whether I could stand it if I weren't still involved in politics and government, I think I could, and that's another option." (NYT)

Away From Politics



EXPLOSION — The remains of a chemical processing plant in Lehigh County, Pennsylvania, after a blast Saturday that blew out windows in nearby buildings. Five people were killed and 14 injured.

• The New York City Police Department will begin seizing cars Monday from people arrested on charges of drunk driving. The plan will allow a police officer to seize a suspect's car where it is stopped, regardless of the driver's circumstances. The legal ramifications of the plan have been studied in an attempt to make sure it can survive court challenges. (NYT)

• A fifth employee at Ford Motor Co. has died from injuries suffered in a power-plant explosion at the company's complex in Dearborn, Michigan. Ten other workers remained hospitalized. A state investigator said a natural-gas buildup had led to the explosion Feb. 1. (AP)

equipment or furniture. The Girl Scout Council of Santa Clara County said the truckload accounted for about 3 percent of the Silicon Valley area's Girl Scout cookie shipment. "It was the wrong product to steal," a spokeswoman said. "With so many volunteers and scouts, anyone trying to sell those cookies will really stick out." (AP)

• A tractor-trailer stolen from a California warehouse was packed with a shipment of 1 million Girl Scout cookies valued at \$108,000. The warehouse manager said the thieves probably had thought the truck contained electronic

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# Italy (CC) ♦	172-1022	To call using CWC ♦	0800-89-0222

INTERNATIONAL

In Belgrade, Few Fear Air Strikes

By Steven Erlanger
New York Times Service

BELGRADE — As NATO's much-advertised deadline passed for a peace accord on Kosovo Province, few if any people in a dimly lit and rainy Belgrade were looking up to the sky for the Western alliance's bombs.

Few here seem to believe that the missiles will ever come.

Instead, they pursued their normal routines, drinking coffee and shopping and generally assuming that although the West was being deeply unfair to Serbia over Kosovo, their authoritarian leader, Slobodan Milosevic, would pursue his own interests. And those do not include getting bombed.

Sajezana Milkovic, 35, a history teacher in a Belgrade high school, said the West in general and the Americans in particular had been unjust to the Serbs, threatening to bomb them because of a situation within a sovereign country.

"While they are right to ask for a deal between us and the Albanians in Kosovo," Ms. Milkovic said, "their troops have no right to be there. Our leadership has some right to protest this brutal effort to snatch Kosovo from us."

Her remarks reflected the general belief that Serbs must retain Kosovo, the heart of their national legend, and that the ethnic Albanians who make up about 90 percent of the province's population have systematically plotted to undermine the Serbs there and get the land.

Ms. Milkovic said Mr. Milosevic usually ended up going along with the West because it in effect protected him.

"The Americans constantly torment us because of Milosevic's policies," she

said, "but they do nothing serious to topple him. On the contrary, they support him by deliberately failing to help those who are against him. They abandoned the independent media; they let him destroy the student movement. One might think that he has concluded some kind of a long-term agreement with them to destroy this nation."

Alexander Tabakovic, 25, a clerk in a

"The Americans torment us because of Milosevic's policies, but they do nothing to topple him."

shipping company, seemed to regard the whole diplomatic display and threat of bombing as cynical.

"The Americans meddle into everyone's affairs with double standards," he said. "There are similar problems to this one elsewhere in the world, like in Spain, Northern Ireland and Turkey, and yet no one threatened them with air strikes, just us. I think that it has nothing to do with morals, just with America's interests."

Dr. Novak Drakul, a physician, said the United States was a proud country, "and the politicians need to feed Americans some crisis they can be proud of every six months, with some military display."

U.S. Secretary of State Madeleine Albright "has to look like the only one who can get both sides together in Rambouillet and then comes running again today to pull out a deal," he said Saturday, referring to the Kosovo negotiations taking place in France.

"Did she have Holbrooke arrested?"

he wondered, musing on the absence of Richard Holbrooke, the U.S. official who traditionally has performed the last-minute dramatics with Mr. Milosevic in negotiating Balkan peace.

Miki, also 25, a part-time waiter in a central Belgrade cafe, said he expected no bombing. "The economy is bad, the people are demoralized, everything is down," he said. "That's what people care about. Bombing would only make Milosevic stronger."

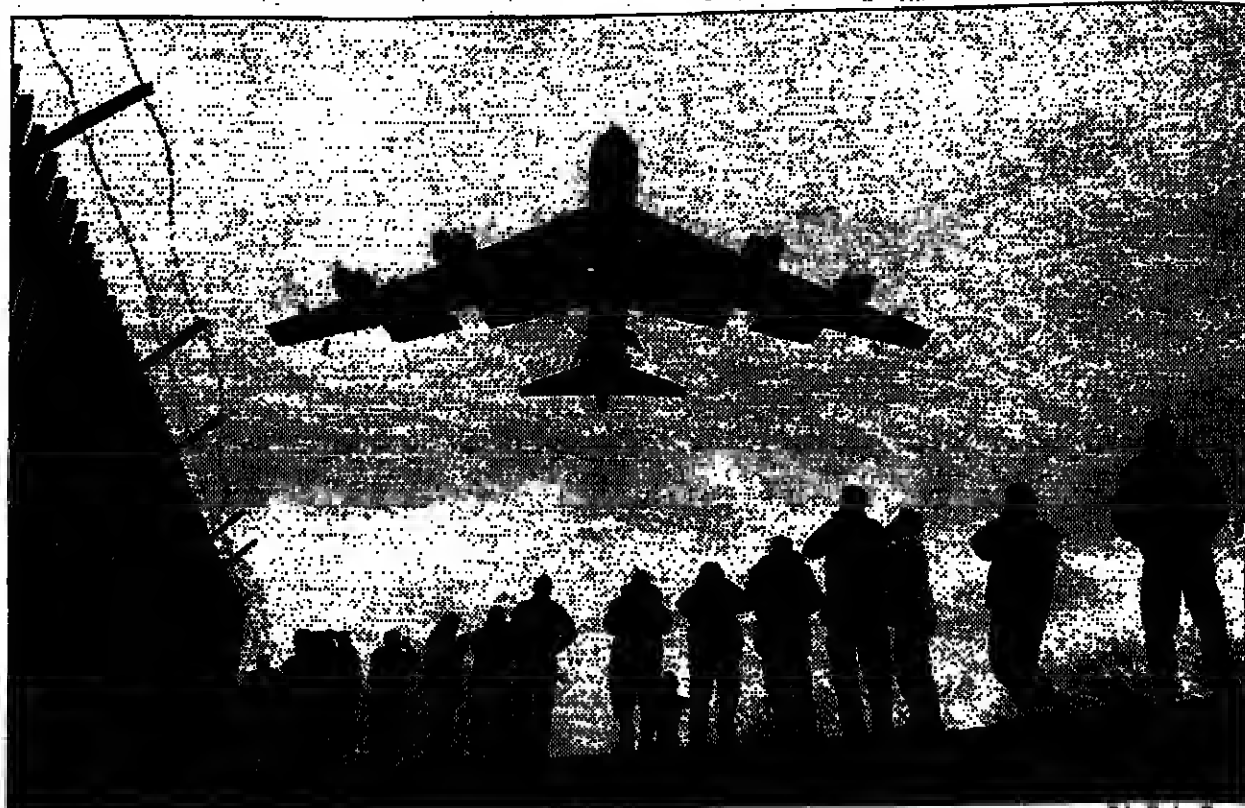
After more than 10 years of Mr. Milosevic's rule in Serbia, he said, "I don't know of anyone of my generation who wants to stay in this country."

As the noon Saturday deadline passed, the two channels of state television were showing, respectively, a cooking program and a peasant dance festival.

Government-controlled print media were more aggressive, however, with the newspaper Glas displaying a photo of a steely-eyed Mr. Milosevic leaning on a military helmet with binoculars in his hand. Alongside were headlines of Mr. Milosevic's defiance of the night before: "We will not give up Kosovo, even if we are bombed."

Of course, the West is not asking Mr. Milosevic to give up Kosovo but to allow NATO troops in to help him keep the rebellious province within Yugoslavia.

Still, officials said that Mr. Milosevic, through President Milan Milutinovic of Serbia, who is in Rambouillet, was angling for the presence of more Serbian troops in Kosovo and the smallest possible Western military presence there. Failing that, Mr. Milosevic may seek at least some delay or separation between a political agreement on Kosovo and a military one.



A B-52 bomber that could be used against Serbia landing Sunday in Britain after a flight from the United States.

NATO: A Bombing Would Be Militarily Simple, Politically 'Messy'

Continued from Page 1

drive a wedge between President Slobodan Milosevic of Yugoslavia and the senior military commanders who represent a cornerstone of his shrunken power base.

But NATO military sources with first-hand knowledge of the Serbian hierarchy say there is no guarantee that such logic will hold. Besides the risk of alienating the Serb population, the military elite may not turn on their patron. "Their top military people may not be happy about getting hit, but believe me, there is not a lot of coup material among those in charge of the Yugoslav armed forces," a senior NATO officer said.

The United States wants to ensure that any military action occurs before the end of the month. With China due to assume the chairmanship of the United Nations Security Council on March 1, U.S. officials say they are worried that Beijing — which like Russia is hostile to the idea of using any force against Yugoslavia — would do everything in its power to undermine NATO military action against the Serbs.

Angry over Serb stonewalling, the United States only reluctantly agreed to extend the talks until Tuesday, rejecting the arguments of European allies who

wanted a longer postponement. Yet even if the moment of truth comes Tuesday, the Clinton administration could find it difficult to prevail over the growing doubts of several European allies over the wisdom of waging a bombing campaign just to ensure the credibility of NATO threats.

Even Britain, until now perhaps the staunchest U.S. supporter of air strikes, questioned whether they would be useful if Kosovo Albanians do not stop quibbling over the political agreement and drop their demands for a referendum on independence by the end of the three-year interim accord.

Unless the Kosovo Albanians sign off for all aspects of the peace deal now offered by the six-nation Contact Group, the British foreign minister Robin Cook observed Sunday that "air strikes on Belgrade are not going to help."

Last October, NATO went to the brink of bombing raids only to call them off when Mr. Milosevic agreed to withdraw his security forces from Kosovo — a promise he later broke. At the time, NATO suppressed qualms about the need for explicit authority from the United Nations Security Council — which Russia vowed to reject — because of overriding concern about a looming humanitarian disaster.

But now, the ethnic Albanians who had fled to the hills with little provisions as winter approached have gone back to their villages or found alternative shelter. As a result, NATO officials acknowledge the immediate risk of humanitarian disaster is a less compelling argument to circumvent the authority of the UN Security Council.

In addition, the ferocity of Russia's opposition to the use of force against the Serbs causes some NATO governments to question whether punitive air strikes are worth jeopardizing relations with Moscow.

A German cabinet minister raised still another concern: In the wake of angry protests across Europe by Kurdish exiles, he fears if NATO went to war on behalf of autonomous rule in Kosovo, a public debate could erupt asking why NATO governments have been so tolerant of fellow ally Turkey's refusal to consider granting limited self-rule to the Kurds in southeastern Turkey.

"Any way you look at it, if NATO attacks a sovereign country it will create a historical precedent that will have unforeseen consequences for the alliance and all of its members," the German minister said. "And I'm not sure NATO will be able to explain away those policy contradictions."

KOSOVO: Albright Fails to Get Agreement in Talks With Rivals

Continued from Page 1

support independence for Kosovo now, have insisted that the peace plan not prejudice the province's final status because they are hoping to get Mr. Milosevic to accept a compromise on the province. After a three-year period of autonomy, Kosovo would get international support in negotiating its future status with Belgrade.

That message, including the guarantees of immediate democracy and security in Kosovo, was hammered home Sunday by Mrs. Albright in her meeting with the Kosovo delegation. This fractious group, containing both political moderates and hard-line guerrillas from the Kosovo Liberation Army, seemed ready to accept the deal earlier in the week.

In proclaiming Western weakness to act militarily if both sides obstructed an accord, Mrs. Albright appeared to be hoping to jolt the Kosovars into deciding to compromise before it is too late. The ethnic Albanians have sought intervention by the North Atlantic Treaty Organization as protection against continued repression by Serbian forces, so U.S. hopes were pinned Sunday on turning around what one diplomat called "an unfortunate dynamic" in the delegation of Kosovars.

"They're almost there," the senior Clinton administration official said, who sounded more optimistic than Mrs. Albright, possibly because he was speaking on condition of anonymity.

For the moment, "the allies are still together" in backing NATO plans for air

strikes on Serbian military targets in Kosovo and even in Serbia itself if Mr. Milosevic blocks an accord, the official said. But if a negotiating deadlock can be blamed on both parties, NATO would probably be paralyzed.

Air strikes against Serbia are "not going to help" provide stability in Kosovo if the ethnic Albanians refuse to accept the autonomy offer at Rambouillet, Robin Cook, Britain's foreign secretary, said.

Right now, "we have on the Belgrade side a government that is accepting the constitutional settlement for self-governing Kosovo, but we don't have a Kosovo side accepting it," said Mr. Cook, who co-chairs the peace talks along with Hubert Vedrine, France's foreign minister.

In Modest Move, G-7 Sets Up Forum on Stability

By John Schmid
International Herald Tribune

BONN — Finance ministers from the world's richest nations took their first steps over the weekend to deal with global market turmoil, endorsing a modest new forum that falls markedly short of recent calls to overhaul the international financial architecture.

But as the outlook for the world economy has deteriorated, the creation of a "financial stability forum" with a deliberately narrow scope was one of the few points of agreement among the finance chiefs of the Group of Seven leading industrialized nations at their meeting in Bonn.

The ministers remained openly divided over German-led plans to impose regulations or currency trading bands to curb the sort of speculative market swings that have left a trail of economic destruction from Asia to Latin America.

While the G-7 finance ministers broadly concurred that Europe, in particular, needed to stoke its wheezing economies as its contribution to global activity, participants at the one-day meeting Saturday left unclear how that would be accomplished.

"There is indeed agreement in Europe that domestic demand must be strengthened in a lasting manner," Hans Tietmeyer, president of the Bundesbank, the German central bank, said after the meeting. "The decisive question is how that should and can happen."

Flagging growth across Europe re-

mained as much a dilemma after the weekend as it was before. Policymakers heard from the head of the European Central Bank, Wim Duisenberg, that interest-rate relief was not immediately under consideration. Attending a Group of Seven meeting for the first time since the launch in January of the common currency, the euro, Mr. Duisenberg said euro-bloc lending rates were not only "appropriate" but also "sufficiently accommodating," according to Mr. Tietmeyer's account of the meeting.

By smothering hopes of imminent lending-rate cuts, Mr. Duisenberg's view kept alive a conflict between the ECB and European governments over ways to address the slowdown.

The ECB consistently has warned politicians against using free-spending ways to prime the economic pump.

In a communiqué, the ministers said: "Financial-market conditions have worsened in some regions, and the outlook for global economic growth is somewhat less favorable. The impact of financial crises is now felt beyond the regions where the crisis occurred."

The gathering took on new urgency after the news Friday that Germany's economy contracted in the fourth quarter of last year and French industrial production fell sharply in December.

The creation of the Financial Stability Forum, an attempt to coordinate more closely the world's big economies and multilateral bodies such as the International Monetary Fund, came more than a year and a half after the widespread

financial turmoil broke out in Thailand.

According to Mr. Tietmeyer, who drafted the 11-page proposal to create the forum, the body's main function will be pooling information on reserves and market machinations, acting as an early warning system for potential shocks. This fills a gap in surveillance, the plan said, because no central bank or international agency "has the breadth of information or capacity to formulate a complete assessment of evolving risks."

The proposal is dramatically narrower than anything conceived the last time the world's commercial architecture took shape in Bretton Woods, New Hampshire, in the 1940s.

After President Jacques Chirac of France last week called for a new "highway code" of market rules, lining up behind other advocates of grand new "architecture," the forum amounted to nothing more than a new facade on existing structures. By meeting twice a year, it formalizes the ad hoc consultations among global policymakers.

"Sweeping institutional changes are not needed," Mr. Tietmeyer said. "In the end, there cannot be a world authority that regulates all of this. The only way is to get existing organizations to work together better and more regularly."

The forum will be based in Basel, Switzerland, with a small permanent secretariat. The leaders nominated Andrew Crockett, general manager of the Basel-based Bank for International Settlements, to a three-year term as the forum's first chairman.

The group will unite national representatives of the G-7 economies with the IMF, the Organization for Economic Cooperation and Development, the World Bank and other international bodies. It also has the potential to grow eventually by adding national members beyond the founding G-7 economies, Mr. Tietmeyer said.

But in the aftermath of the so-called emerging-markets crisis, the topic of growth dominated the meeting in Bonn. Treasury Secretary Robert Rubin of the United States argued that global expansion relied too one-sidedly on the United States and its robust economy.

The United States cannot remain the importer of last resort as primary engine to support recovery in the emerging markets, Mr. Rubin said, adding that the global crisis could slow U.S. economic activity this year.

IRAQ: A Low-Level War Now Being Waged

Continued from Page 1

a military campaign until it had a clear idea of the way out. The Clinton administration long ago stretched the meaning of the Powell Doctrine to intervene in such places as Bosnia, but now it seems to have given it up altogether.

Last week, with the United States pledging to send 4,000 U.S. soldiers and Marines to the Serbian province of Kosovo if a peace agreement could be reached, Secretary of State Madeleine Albright did not even pretend to set a homecoming deadline.

"Welcome to the post-Cold War world," said Eliot Cohen, a professor at Johns Hopkins University who directed the air force's study of the Gulf War. "This is the kind of imperial policing that the American military is increasingly going to be called upon to do."

The stated purpose of the intensive barrage against Iraq in December was to punish Mr. Saddam for his refusal to

cooperate with UN weapons inspection and to knock down his ability to menace his neighbors. The goal now is to chip away at the fringes of his military might while stopping short of another all-out assault, even though the administration now openly calls for Mr. Saddam's removal.

Pentagon officials have defended this new limited strategy. Defense Secretary William Cohen said in an interview that the strikes were steadily eating away at Mr. Saddam's air defenses. Iraqi threats this month against Saudi Arabia, Kuwait and Turkey for providing bases for the U.S. and British forces simply underscored Mr. Saddam's frustration, Mr. Cohen said. The key, he added, is to keep pressure on Mr. Saddam long enough to let diplomatic efforts to undercut him play out.

How long will that take? Mr. Cohen could not say.

"Patience is required," he said. "This policy is working."

Still, the conflict has raised concerns among some U.S. military commanders and lawmakers. "I wish I knew where all of this played out," a senior uniformed official said, speaking on condition of anonymity.

Senator John McCain, Republican of Arizona and a former navy pilot who spent seven years as a prisoner of war in Vietnam, has repeatedly criticized the administration's approach, saying it puts pilots at risk without truly punishing Mr. Saddam. "We continue to be in a reactive mode," he said.

That is what makes this new war of attrition frustrating to critics. Even though the skirmishes have been overwhelmingly one-sided, with U.S. and British jets able to strike virtually at will, the strategy is to hold the line, not to unleash enough force to defeat Iraq.

"It's something much less than more," said William Quandt, professor of government and foreign affairs at the University of Virginia. "It's a kind of symbolic show of force on our side to make a political statement, which is, there are some things Saddam cannot do without paying a price." Mr. Quandt called this an "on-the-cheap strategy." But it is not without costs.

Michael O'Hanlon, an analyst at the Brookings Institution in Washington, said enforcement of the no-flight zone eight years after the end of the Gulf War was taking a toll on resources and morale. He noted that many air force pilots were not re-enlisting, at least in part because of the strain of repeated tours in the Gulf.

Then there is the risk of a nasty surprise. The one thing that could change everything is the downing of a U.S. pilot. The prospect of an American or British prisoner of war being paraded through Baghdad to gain some kind of crude diplomatic leverage appears to be Mr. Saddam's only goal in opening his air defenses to repeated counterattacks.

"In a military sense, the attrition clearly favors the United States and Britain," said Anthony Cordesman, a military analyst at the Center for Strategic and International Studies in Washington. "The question is, will Iraq get lucky? No matter how good the American military is, mistakes happen."

LAHORE: Leaders Pledge to Reduce Risk of Nuclear Warfare

Continued from Page 1

building in the nuclear and conventional fields aimed at the avoidance of conflict," the countries said in a joint statement.

Shamshad Ahmad, Pakistan's top career diplomat, said the information in be shared would include how many warheads and how many ballistic missiles each nation possessed and how its nuclear weapons were deployed.

"We're going to discuss all these things that will enable the countries to reduce the risk of nuclear conflict, conventional conflict and an arms race," Mr. Ahmad said in an interview.

A member of the Indian delegation, who asked not to be named, predicted that such sensitive information would not be exchanged right away because the countries did not trust each other enough. The Indian diplomat hinted at a possible first step by recalling that Mr. Vajpayee in October generally outlined India's nuclear doctrine in Parliament, while Mr. Sharif has not made a similar public statement.

The biggest move made to reduce the risk of nuclear war was an agreement to "undertake to provide each other with advance notification in respect of ballistic missile flight tests" even before they sign a bilateral treaty to do so. Both countries have planned to test advanced

models of ballistic missiles that could carry nuclear warheads.

In another move to build mutual confidence, the countries promised similar notice of "any accidental, unauthorized or unexplained incident" that could create the risk of nuclear fallout or an "outbreak of nuclear war between the two countries." The provision appeared designed to prevent incorrect information about accidents or mistakes from raising tensions.

No accord was reached on other proposals, such as a bilateral treaty to ban a first nuclear strike and a balanced reduction of conventional forces. But the Indian diplomat argued that the two countries had already begun to adopt nuclear restraints within a year of openly going nuclear — much faster than the United States and the former Soviet Union did during the Cold War.

Pakistani officials appeared quite pleased about mention of the desire for a solution to the Kashmir dispute and Mr. Vajpayee's openness about discussing what Islamabad calls "the core issue" separating the nations.

Two of three wars since 1947 have been over the Himalayan territory, which both nations claim and which is divided between them. Muslim separatists in the Indian state of Jammu and Kashmir have waged a decade-long insurgency with Pakistan's covert assist-

ance. Pakistan has insistently accused India of allegedly violating human rights in the civil conflict, which has claimed more than 18,000 lives.

In a "Lahore Declaration" signed by Mr. Vajpayee and Mr. Sharif, the leaders promised that their governments "shall intensify their efforts to resolve all issues, including the issue of Jammu and Kashmir."

"We will negotiate with sincerity on this and on all other issues," Mr. Vajpayee said. "It's very difficult for me to say what solution will emerge, but we wait for the outcome."

Asked about India's accusation that Pakistan had sponsored cross-border terrorism in Kashmir, Mr. Sharif replied: "Whatever happens in India, they blame Pakistan. Whatever happens in Pakistan, we blame India. There is a need now of getting beyond this to build confidence."

In a speech to prominent Pakistanis invited to a reception on the spacious lawn of an official residence, Mr. Vajpayee made an appeal for friendship in Hindi, which is similar to Pakistan's national language, Urdu. His speech was received with frequent claps and chuckles.

"I think the feelings are reciprocal, but let's see how we progress," said Amir Nawaz, a senior government official.

Kabila Dismisses Congo Government

KINSHASA, Democratic Republic of the Congo — President Laurent Kabila, back from a trip to Sudan and Saudi Arabia, has dissolved his government saying he wants to promote national unity, democratization and reconstruction.

A presidential decree carried by state radio Sunday gave no details of when a new government would be named. Information Minister Didier Mamengi said it would be "shortly."

Mr. Kabila signed the decree Saturday. "The government has been dissolved and ordered to expedite current business," state radio said.

Mr. Kabila lifted a ban on political activity in January but imposed conditions on parties trying to register.

(Reuters)

Ethiopia Bombs Eritrean Airport

ADDIS ABABA, Ethiopia — Ethiopia said its war planes inflicted heavy damage Sunday on the airport at the strategic Eritrean port town of Assab.

It was the first time in the current fighting that Ethiopia had bombed an Eritrean airport, and the morning attack appeared to escalate the conflict.

"This airport is a strategic military target that Eritrea could use to launch an offensive against Ethiopia," Selome Tadesse, a government spokeswoman, said.

First reports indicated the airport was "heavily damaged and rendered unusable," she said. There was no immediate comment from the Eritrean government.

(Reuters)

Algerian Mass Grave

ALGIERS — Workers excavating a mass grave near Algiers have unearthed the remains of at least 70 people believed to be victims of Muslim rebels, the local daily *Liberte* reported Sunday.

The newspaper said the victims had been killed by Islamic rebels and their bodies dumped into the grave.

"The bodies had been dumped into the bottom of the grave under layers of stones and rubbish," the report said, quoting workers at the site.

The remains were found in the town of Ouled Allel, 20 kilometers (12 miles) south of Algiers. The town was the main base of the Armed Islamic Group, the most militant guerrilla faction, from 1994 to 1996.

Government troops later recovered control of the area after fierce fighting, according to the report.

(Reuters)

Inquiry in Ecuador

QUITO, Ecuador — Labor unions and students have formed a commission to monitor the police investigation into the assassination of a leftist lawmaker, according to a commission member.

Luis Villacis said that Archbishop Alberto Luna, Elsie Monge, a human rights activist, and Milton Alava, a prosecutor, would also participate in the inquiry into the slaying of Jaime Hurtado.

Mr. Hurtado was shot three times Wednesday as he stood just 100 meters (330 feet) from Congress.

He later died in a local hospital. Interior Minister Vladimir Alvarez has said the killing was the work of rightist paramilitary groups who believed that Mr. Hurtado "was organizing a guerrilla force in Ecuador."

(AFP)

EUROPE

Russian Film Director Casts Himself in a Political Role

By Michael R. Gordon
New York Times Service

MOSCOW — Nikita Mikhalkov, Russia's most celebrated living film director, has already won an Oscar for his 1995 movie, "Burnt by the Sun." He has fame and fortune, and, as many female fans would have it, is the epitome of Russian manhood.

But the talk now in Moscow — a capital skittish with economic crisis, winter gloom and an obviously ailing head of state — is that Mr. Mikhalkov might run for president.

His latest, \$40 million film, "The Barber of Siberia," with a lavish premiere at the Kremlin, appears, in a sense, to be his extravagant political advertisement.

The 53-year-old director says his aim is to conjure up an ideal of Russia that its people can live by: a world of pageantry in which honor endures, love is pure and a noble czar rules with a firm but benevolent hand. But these days, politics is also not far from his mind.

"Plato said that power should be a burden and not an aspiration," he said in an in-

terview. "I will support anyone who says it is a burden for him, and if I support him he ought to win. People do listen to me. But if there is no such candidate, I will have to sit down and think heavily."

The idea of Mr. Mikhalkov's candidacy may seem like an improbable movie plot or publicity stunt. But it reflects the disillusionment Russians have with their political choices: an infirm President Boris Yeltsin and a slew of pretenders widely seen as power-hungry opportunists.

Mr. Mikhalkov, in contrast, has cast himself as Russia's political savior. Even if he does not run, he says that he knows what Russia needs: the restoration of the real or idealized virtues of czarist Russia.

"The picture shows not how Russia was but how it should be," he said, referring to his new film.

Mr. Mikhalkov's office in Moscow is adorned with a large chart tracing his ancestry back to Russia's pre-revolutionary aristocracy. With his trademark mustache, he certainly looks the part. And his family has long been one of the most eminent artistic families

in Russia — as well as one of the most discussed.

His father, Sergei, an author of children's books, wrote the words to the Soviet national anthem and was the leader of the Soviet Writers' Union. His older brother, Andrei Konchalovsky, also a film director, immigrated to the United States and went to work in Hollywood, carefully dropping the Mikhalkov part of his double-barreled surname and keeping the name of his mother, Natalya, a poet and descendant of one of czarist Russia's most revered and respected painters.

The younger Mikhalkov, who first became famous as an actor, chose to work within the Soviet system. He was neither a Communist Party member nor a dissident. As the Soviet Union collapsed early in this decade, and since, he has often been seen in the company of top politicians and figures of artistic resistance. "Burnt by the Sun," his Oscar-winning, was anti-Stalinist.

Before the 1995 parliamentary elections, he made a polished "feel good" television ad in which Russian cosmonauts talked lovingly about their homeland as they gazed at Earth

from space. He appeared as one of the cosmonauts in the commercial, which showed his prowess as a political image-maker, no small concern for future presidential candidates who would like his support.

These days, Mr. Mikhalkov is known as a moderate nationalist. He supported Mr. Yeltsin's re-election but also has advocated the establishment of a constitutional monarchy. He describes his politics as "enlightened conservatism." It comes across as more of a sermon than a program.

"We have stopped respecting ourselves, our history and our culture," he said.

"We live on top of fantastic wealth and beg all the time," he continued, alluding to Russia's oil, gas and mineral riches. "What is shown on television that Russians have made with their own hands? We should not have to stretch out our left hand for Snickers."

In keeping with his politics, his long-awaited, three-hour saga is a kind of nationalist "Doctor Zhivago," a "Titanic" for a Russia enveloped in self-doubt. It is an epic love story, skillfully blending his artistic, commercial and political interests.

BRIEFLY

Suspects in Ulster Bombing Arrested in North and South

DUNDALK, Ireland — Police on both sides of the Irish border arrested people Sunday on suspicion of involvement in the car bombing last year in Omagh, the deadliest terrorist strike in Northern Ireland's 30-year conflict. The bombing last August killed 29 people.

In the Irish Republic, four men were being questioned under the country's anti-terrorist law and a fifth man was arrested later Sunday. Belfast police declined to say how many were arrested in British-ruled Northern Ireland.

Responsibility for the bombing was claimed by the Real IRA, a renegade republic guerrilla splinter group opposed to the peace process. (AP)

German Firms Reportedly Plan Open-Ended Holocaust Fund

FRANKFURT — German companies that are establishing a compensation fund for Holocaust victims have decided to replenish it if the initial sum, estimated at 2.5 billion Deutsche marks (\$1.42 billion) runs out, a German newspaper has reported.

The Sueddeutsche Zeitung said that industrial leaders had agreed at a meeting in Bonn that the fund would be open-ended and that it would be called the Memorial Fund. An earlier proposal to call it the Reconciliation Fund was dropped because it was felt that only the victims could offer reconciliation, the paper reported.

It was also decided that the fund would pay compensation to former slave laborers now living in Eastern Europe, as well as to those in the United States and Israel, the daily said. (Reuters)

Mubarak to Stress Europe Role

CAIRO — President Hosni Mubarak of Egypt, in a trip to Italy and Germany this week, is expected to urge Europe to assume a greater role in Middle East peace efforts.

"A main European political role is needed at this stage," the Egyptian foreign minister, Amr Moussa, said. Mr. Mubarak will also discuss the Kosovo crisis and Egypt's partnership negotiations with the European Union, he said. (Reuters)

London Police Report Blocked

LONDON — The British government was embroiled in controversy Sunday after stepping in to block publication of leaked excerpts of a report that is said to accuse the London police force of racism.

Home Secretary Jack Straw obtained a High Court injunction that halted publication by the Sunday Telegraph of sections of the report on an independent inquiry into the handling of an investigation of the 1993 murder of a black teenager in southeast London. (AP)

For the Record

President Jacques Chirac of France has concluded a three-day official visit to the United States that focused on peace in Yugoslavia, North Atlantic Treaty Organization expansion and Third World debt. (AFP)

Ecevit Rules Out Kurd Self-Rule

Turkey's Leader Also Rejects Any Talks With Rebel Chiefs

By Stephen Kinzer
New York Times Service

ANKARA — Prime Minister Bulent Ecevit said Sunday that Turkey could consider changing its policies toward the Kurdish minority if the Kurdish guerrilla movement laid down its arms but ruled out granting autonomy.

"If and when conditions become more conducive to solving certain problems, then new approaches may prevail," Mr. Ecevit said at a news conference. "A substantial decrease in terrorism would be conducive to improvements and reforms in the social, economic and political life of the country."

But "Autonomy is out of the question," Mr. Ecevit said. He also ruled out any talks with either guerrilla leaders or their civilian supporters. He noted that many Kurds were serving in the Turkish Parliament and said he was ready to listen to their suggestions. But any such suggestions, he quickly added, could be considered only after an end to violence by the rebel Kurdistan Workers Party, known as the PKK.

"At the moment," he said, "public opinion is very sensitive

because every day our soldiers are being killed."

Kurdish leaders have for years been asking the Turkish authorities to grant Kurds broader cultural and political rights. Many foreign governments have endorsed their appeals. Turkey has rejected them, however, fearing that any concessions would encourage separatist movements.

The issue has been brought back to the forefront of public debate in the wake of last week's capture of the principal Kurdish rebel leader, Abdullah Ocalan. A Turkish commando squad seized him in Kenya, where he was living under the protection of Greek diplomats.

Turkish officials, commentators and others are offering opinions about how their country can best take advantage of this moment to end separatist violence once and for all.

Mr. Ecevit did not say precisely what reforms he would favor but asserted that the fundamental problem in the Kurdish region was due to its "feudal past."

Parts of the Kurdish region, which lies in eastern and southeastern Turkey, are still domi-

nated by clan leaders who rule according to traditions that are centuries old. Some keep women in seclusion, enforce tribal codes by threat of violence, and consider themselves virtual owners of groups of villages.

"We have addressed the issue from an economic, social and educational angle," he said. "As these parts of Turkey are economically and socially developed, peace will prevail, and terrorists of any kind would not find any suitable atmosphere for their acts."

Mr. Ecevit has proposed a "law of repentance" that would entitle PKK fighters to pardons or lessened sentences if they surrender, but the law has not yet been approved by Parliament.

Mr. Ecevit also announced Sunday that Turkish forces had ended an incursion into northern Iraq to strike at separatist Kurdish guerrillas loyal to Mr. Ocalan. The operation was designed to further weaken the guerrillas following the capture of Mr. Ocalan. Thousands of Turkish troops, backed by warplanes and helicopter gunships, poured into the Kurdish-held Iraqi enclave early last week.



Supporters of the Kurdish rebel leader Abdullah Ocalan burning U.S. and Turkish flags in front of a United Nations agency in Sulaimaniya, in northern Iraq, on Sunday. Mr. Ocalan was captured by Turkey last week.

KURDS: Behind the Scenes, U.S. Helped Turkey Catch Ocalan

Continued from Page 1

landed in the Greek Embassy in Nairobi on Feb. 2.

It was a poor choice of hideout. More than 100 U.S. intelligence officers and law-enforcement agents, along with Kenyan security officials, are in Nairobi investigating the terrorist bombing of the U.S. Embassy in Nairobi, which took 213 lives in August.

Members of that team quickly discovered that Mr. Ocalan had arrived in Nairobi, U.S. officials said. They placed the Greek Embassy under surveillance and monitored Mr. Ocalan's cell-phone conversations as he placed calls to political contacts seeking sanctuary.

Despite American insistence in the past few days that the United States had no "direct involvement" in the case, the surveillance information gave Turkish commandos the chance to capture Mr. Ocalan with the help of Kenyan security officers, the officials said.

Prime Minister Bulent Ecevit of Turkey said Friday that a Turkish commando team had flown to Nairobi after receiving a tip from another country, which he would not identify. The commandos captured Mr. Ocalan after he

agreed to be driven to the Nairobi airport by a Kenyan security officer working with the Turkish squad.

It was the end of a long journey, one that U.S. diplomatic and intelligence officers had monitored closely. From October onward, as Mr. Ocalan sought shelter in Russia, across Europe and in Africa, U.S. diplomats and intelligence officers moved to cut off his escape routes, according to officials here.

They warned their European and Russian counterparts of the consequences of sheltering him, saying, "If you've got him, what are you going to do with him?" according to the senior U.S. official, who demanded anonymity.

Mr. Ocalan had spent much of the past 15 years in Damascus. In October, Turkey stepped up pressure on the Syrian government to expel him, threatening military action. The United States issued a parallel but private demand.

On Oct. 9, Syria put Mr. Ocalan on a plane to Moscow. Israeli intelligence monitored his departure from Damascus, officials said. But the Israeli role in the case did not involve trapping him in Nairobi, according to U.S. officials, who would be unlikely to reveal such a role if it existed. Israel has taken pains to deny playing any part in his capture, including a rare statement from its foreign intelligence service, the Mossad.

On Nov. 2, after a month seeking a political base in Europe, Mr. Ocalan flew from Moscow to Rome and into the hands of the Italian authorities, who held him on a German warrant charging him with terrorism.

"We spent a good deal of time working with Italy and Germany and Turkey to find a creative way to bring him to justice," the U.S. official said.

But none was found. Germany

dropped the charge, fearing the kinds of protests and riots that have erupted since his arrest. Italy was unwilling to turn Mr. Ocalan over to Turkey, where he could face a death sentence for treason.

He left Italy secretly on Jan. 16, flying to St. Petersburg, then seeking a way back into another European country, officials said. He found one on Jan. 30, when he flew to Athens in a private plane obtained by Andonis Naxakis, a retired military officer who, like many of his countrymen, sympathizes with the Kurdish cause, according to Greek officials.

Two days later, on Feb. 1, Greek officials, uneasy with the fugitive on their hands, told him to try flying to the Netherlands, where he believed he could seek a hearing at the International Court of Justice. The Dutch authorities barred his plane, so Mr. Ocalan returned to Greece. The next day, he flew with a Greek official and four aides to Nairobi, where the Greek government had agreed to shelter him temporarily at its embassy.

The American and Kenyan intelligence and law-enforcement team in Nairobi quickly detected Mr. Ocalan's presence and reported it to Turkey, U.S. officials said.

After two tense weeks in the Greek Embassy, Mr. Ocalan was told he could fly to Amsterdam. He got into a Jeep driven by a Kenyan security officer, supposedly bound for the airport.

"When he got into the car on his own, he looked worried," his interpreter, Noman Derya, told Reuters on Friday.

"I think he understood that there was something dangerous going on."

His instincts were good: The Kenyan driver delivered him into the arms of the Turkish commando team. He is now being held for interrogation and trial on a Turkish island in the Sea of Marmara.

FARM: EU to Take Up Cuts in Subsidies

Continued from Page 1

to 10 Eastern and Central European neighbors plus Cyprus to membership.

Spain, the biggest beneficiary of the EU's structural and cohesion funds, has resisted the attempts to reduce its aid. To do so, officials argue, would mean that Spain would end up paying the cost of enlargement toward the east, an area where it has relatively little trade and virtually no influence.

But the Madrid government has found itself increasingly isolated on the issue, and Prime Minister Jose Maria Aznar recently said he was willing to "play the game" to achieve an agreement at the Berlin summit meeting March 24-25. He said he was ready to discuss control of agricultural expenditure, provided Spain's poorer farmers were protected.

Spanish officials are disturbed over what they see as Germany's identification of its national interests with those of the EU as a whole. Mr. Aznar has obliquely suggested that Germany is not fully playing the role of honest broker incumbent with its role as president of the EU.

Other countries argue that as a found-

ing member of the European single currency, Spain is in a position to start giving up some or all of its privileges. The original idea was for countries to stop receiving development funds once they had reached parity with their wealthier neighbors.

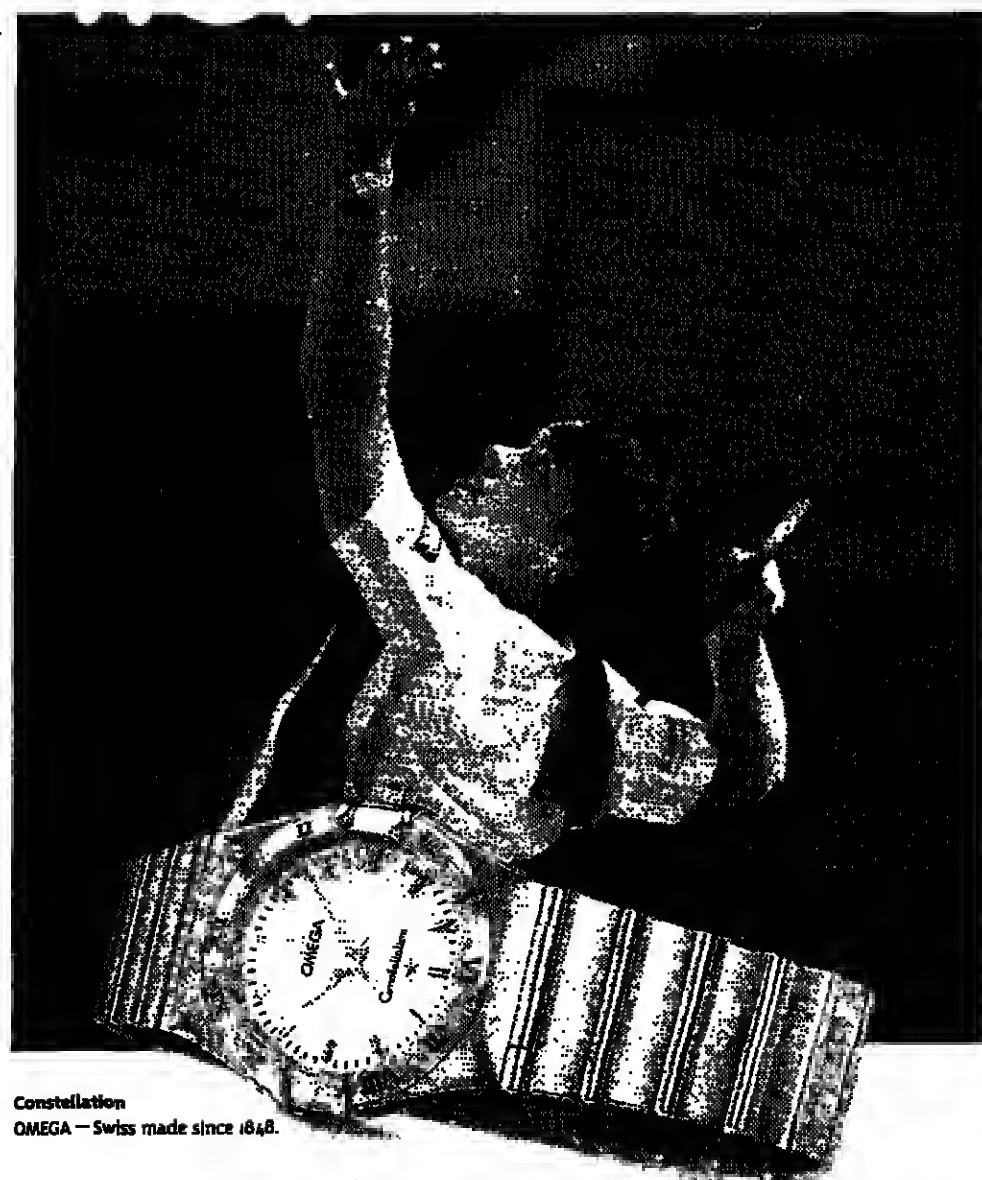
Although Mr. Aznar once criticized former Prime Minister Felipe Gonzalez for demanding the setting up of the cohesion fund in 1992, he now insists that Spain is entitled to the special EU aid because its income per capita still falls short of the EU average.

France, meanwhile, remains strongly opposed to a proposal by which governments would pick up part of the cost of subsidizing farmers. It says this would go against the principle of EU solidarity.

Germany has suggested two ways of curbing agricultural spending. One is to retain the 1999 expenditure of 40.4 billion euros for each of the next five years.

The other would allow for extra spending on direct support for farmers provided the agriculture budget in 2006 was no higher than this year's. This would give governments leeway in adjusting to a system of direct support.

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EDITORIALS/OPINION

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Stand Up to Milosevic

As an isolated event, NATO's decision to delay by three days its bombing campaign against Serbian forces would not be objectionable. Resorting to force is always on one level a defeat; if a just peace can be achieved, then extending the talks certainly is warranted. But, given the history of the negotiations on Kosovo, the delay raises troublesome questions.

From the beginning, U.S. and European negotiators have been imposing conditions on Kosovo, the victim, while beseeching concessions from Serbia, the culprit. Reluctant to play a leading role or commit adequate levels of force, the United States already has signaled a willingness to accept an inadequate agreement that could, by allowing Serbia to keep thousands of troops in Kosovo, endanger U.S. peacekeeping forces and extend the length of their deployment. Even these relatively favorable terms have not found favor with the Serbian dictator Slobodan Milosevic, presumably because he doubts the seriousness of President Bill Clinton's threats.

Now, as talks drag on past NATO's previously unconditional deadline, there are two dangers. One is that the alliance will finally push so many unacceptable conditions on the Kosovars that they feel compelled not to accept. That would allow NATO to blame both sides for a breakdown of talks, thereby excusing the inaction that many officials, both in Europe and within the Clinton administration, would prefer. The other danger is of an agreement so tailored to Mr. Milosevic's demands that it would render Kosovo autonomy unworkable from the start.

Ten years ago, Mr. Milosevic revoked Kosovo's autonomy and imposed a kind of Serbian-run apartheid. One year ago, he began a war against

Kosovo's Albanian population, burning villages, destroying crops, displacing hundreds of thousands of people. With his atrocities against civilians and his systematic effort to destroy Kosovo society, he lost any right to govern.

Kosovo is distant and foreign to most Americans, but aggressive dictators have drawn U.S. soldiers into two European wars and one Cold War that lasted nearly a half-century. Now, remarkably, almost the entire continent is democratic — and democracy, as advertised, is acting as a force for stability. Mr. Milosevic is the key exception. He is heavily responsible for the worst bloodshed in Europe since World War II. As long as he is in power, conflicts could spread throughout southeastern Europe that would drag far more U.S. troops into far more perilous circumstances. So it is in the U.S. interest to stand up to Mr. Milosevic, now, in Kosovo, and to support democracy in Serbia.

On a rhetorical level, the Clinton administration has understood this from the start. Mr. Clinton, like George Bush before him, warned Mr. Milosevic not to wage war against Kosovo. But when the war began the administration dithered. On Saturday, as if to show his contempt for NATO's will, Mr. Milosevic again had his troops shell a Kosovo village, sending hundreds more fleeing.

With all the confusion emanating from the negotiations in France, it is important not to lose sight of the only question that really matters: whether Mr. Clinton yet has the will to stand up to Mr. Milosevic. If he does not now, someone will have to do the job later, but it will only grow more difficult, and much more blood will have spilled in the meantime.

—THE WASHINGTON POST.

No Clear Global Path

During the Cold War, Americans feared the military ambitions of Russia and China in the great battlegrounds of Asia and Latin America. Today the danger is different, as the United States awaits the aftershocks of a global economic crisis.

As The New York Times has reported in a series of articles (1/17, Feb. 16 to 19), no one forecast the start of the new contagion in Asia two years ago. Nor did many foresee how it would spread quickly to Russia and Latin America. Rich nations and investors were blind to the weaknesses of the worldwide boom. Initial "solutions" when the collapse started often made things worse. Now there is no clear path out of the morass.

The Times series dispelled any temptation to be complacent about the American economy's supposed imperviousness to distant trends. In an era of interconnectedness, American farmers, steelworkers and ordinary citizens dependent on investments and pension funds were shown already to have been hurt. The horrendous human cost overseas could also be seen in the vanished hopes of rickshaw drivers, entrepreneurs and fledgling investors whose families had been reduced almost overnight to poverty and hunger.

For much of the world, the magic of the marketplace extolled by the West in the aftermath of victory in the Cold War has been supplanted by the cruelty of markets, wariness toward capitalism and new dangers of instability.

Much of the credit for saving off an even worse disaster goes to U.S. Treasury Secretary Robert Rubin and his deputy, Lawrence Summers, who, along with Alan Greenspan at the Federal Reserve, have energetically worked with finance ministers and central bankers in other countries to minimize panic. But, as many in the administration now acknowledge, they and other officials got caught up in the euphoria of the early 1990s and pushed developing countries to open their markets to foreign capital when, in retrospect, they were not ready for it.

An important lesson is that the mantra of privatization, investment and deregulation of markets overseas should have been accompanied by greater caution and attention to openness, sound financial infrastructures and efforts to root out corruption.

Because the experts failed to anticipate the crisis, many of their actions proved counterproductive. The IMF, focused on maintaining fixed exchange rates, forced countries to accept austerity steps that only precipi-

tated bankruptcies and killed growth. At the World Bank, officials fear that the Fund's economic prescriptions can hurt recovery, not hasten it.

The second lesson, then, is that there needs to be greater understanding of the broad social and political implications of economic theory, more diplomatic sensitivity and certainly more coordination among the "doctors" trying to revive the patient.

The final lesson will be the hardest to figure out. The United States must participate in developing new structures to monitor the new forces at work in the global economy. Institutions like the IMF and the World Bank may have made mistakes, but they need to be strengthened, not abandoned, as the best available way to ensure that there is enough warning as the next crisis hits.

Some experts suggest a kind of global Federal Reserve system, while others insist on the absolute sovereignty of the marketplace. Whatever happens, some form of greater financial coordination is in order, with more attention to the underpinnings of healthy markets, including a modern banking system and bankruptcy laws.

From the early 19th century and the start of the industrial era, the United States suffered a terrible cycle of boom and bust. There were times of great euphoria when America attracted foreign capital, only to crash, leaving investors empty-handed. The Great Depression and World War II helped set in place the modern system of regulation, disclosure and government safety nets. The world is far from reaching that point, but it is not too soon to think in terms of heading in that direction, and certainly being clear-eyed about the risks as well as the magic of the marketplace.

—THE NEW YORK TIMES.

Other Comment

If Americans Saved More

In 1998, Americans' personal savings rate fell to a post-World War II low of 0.5 percent of disposable income. Overpriced stocks cause consumers to overspend and businesses to overinvest, and none of it can last. The optimistic interpretation is that we are merely witnessing the advent of a new pattern of thrift. Either way, low personal saving is an essential catalyst of the present boom. If saving were to rise, the American and world economies would face even greater peril.

—Robert J. Samuelson, commenting in Newsweek.

See How Rulers Mismanage in Their Own Interest

By Hilton L. Root

SANTA MONICA, California — Conferences and seminars involving hundreds of experts have been held to diagnose the financial distress that began in Thailand in July 1997 and spread through East Asia, Russia and Latin America. Yet world leaders agree only on the need for rigorous accounting standards requiring banks to reveal their assets, liabilities and loan-loss provisions.

That sensible point begs a critical question: Why have otherwise competent governments in the affected economies not produced well-regulated banking systems on their own?

One answer is that the interests of those countries' leaders are often entirely different from those of the public. In fact, financial mismanagement, culminating in the plundering of the banks and the suppression of alternative capital markets, is often part of a political survival strategy.

Unless reformers recognize this fundamental misalignment of interests and find ways to overcome it, reforms are bound to be frustrated. It should hardly be news that many of the world's leaders maintain their grip on power by manipulating access to economic resources (capital, technology, infrastructure), ensuring that key supporters are rewarded. The resulting waste is often ignored by those who plead for international financial support for discredited regimes.

Defending the \$4.8 billion dollar IMF loan to Russia that went sour last summer, Larry Summers, U.S. deputy secretary of the Treasury, reasoned that the United States took a calculated risk "because it was vastly better that Russia succeed than not succeed." The cash was intended to foster financial sector reform.

Instead, according to the IMF official who brokered the deal, the \$4.8 billion was squandered, only propping up the currency log enough to "let the oligarchs get their money out of the country."

What Mr. Summers apparently did not grasp was that the rulers and the interests of Russia are not the same, and that institutions to make Russia's rulers accountable to the people do not exist.

A quarter-century ago, leaders of East Asia's high performers, preoccupied with the question of national survival in an era of Communist expansionism, made sure that resources were invested in development and growth. But the evolution of China from threat to economic competitor undermined the imperative to maximize the efficiency of investment. As wealth and prosperity increased, maintaining political power became an end in itself, and supervision of national financial systems declined.

The evolution of the South Korean economy illustrates the consequences. Politicization of the banking sector effectively guaranteed gigantic conglomerates, known as *chaebols*, access to cheap capital. This allowed the chaebols to pursue market size as an end in itself, even as they poured money into loss-making business units.

The resulting overcapacity

brought the South Korean economy to the brink of disaster. But even the financial crisis has not derailed the conglomerates. In fact, the top five have actually consolidated their grip, dumping worthless assets and consolidating the jewels as part of a much heralded industrial rationalization plan.

Political favoritism in bank lending similarly allowed the friends and relatives of Indonesia's former President Suharto to loot the economy of one of the world's potentially richest nations. Now the entire banking system must be recapitalized.

If Indonesia follows the path that Mexico took two decades ago, we can expect that, once the banks have been nationalized, they will be sold back to their original owners at scandalous discounts.

Japan, like South Korea, features a financial system in which loan decisions are not disciplined by market forces. The cost of capital for Japanese firms has been artificially reduced by a combination of government policy and cozy relationships with banks.

Since the big firms financed development with borrowed funds rather than equity, they were able to measure perfor-

mance by market share rather than profitability. The Japanese government has dragged its feet on full disclosure of the assets and liabilities of the banking system out of fear that political malfeasance will be exposed.

While international organizations supported by Japan promote transparency as a universal medicine for misallocation of capital, Japan's own Ministry of Finance has found a way to circumvent good accounting practices. It caps the amount that a private firm can spend on outside audits. Then, if fraud is later exposed, the accountants, handicapped from the outset, can be blamed.

The crises in public finance of the world's most promising emerging markets are often rooted in their political culture and institutions. Throughout the world, badly regulated banking is often part and parcel of a failed system of governance. The obstacle to international growth once posed by central planning has been replaced by a subtler threat: deliberate mismanagement.

There is no better indicator of rule by mismanagement than the failure to identify and enforce tax liability. It is a surprise that the great debtor coun-

tries in the world collect so small a percentage of the taxes they are owed?

Of the estimated 73 million Brazilians in the work force, only 7.6 million pay income tax. And out of a population of 140 million in Pakistan, just a million pay income tax.

These debtor countries share another dubious distinction: Their citizens have stashed vast amounts overseas, often more than the total international debt owed by their governments. Meanwhile, ordinary citizens hide their fortunes under mattresses, and so the banking system cannot effectively mobilize national capital reserves. An estimated \$60 billion is secreted this way in Russia.

The countries that lead the world economy today did not always pass the basic test of fiscal accountability. It is not long since the distinction between public and private had little meaning in France, England or Japan. In time, rulers desperate for revenue were driven into the hands of their own citizens, who insisted on oversight in exchange for their taxes.

The separation of the leader's private interests from the interests of the state was thus driven by fiscal imperatives. The state became a separate power, and the age-old iden-

tification of the ruler and the state was dismantled.

By contrast, the financial architecture used to solve today's global economic crises less leaders draw support from international organizations without engaging the will of the people who must ultimately pay back the loans. This form of taxation without representation is an anachronism that reinforces governance without accountability, and contributes to a fundamental misalignment of economic incentives. The benefits are largely private, the debt is public and sovereign.

International intervention contributes to the private economic fortunes that perpetuate the political domination of the world's emerging markets by the individuals who benefit most from their country's ruin.

Is it any wonder, then, that the populist opposition in emerging markets typically sees the IMF as an enemy? Any reform of the world's financial architecture is virtually certain to fail unless it establishes the rights of citizens as stakeholders in their nation's future.

The writer, who directs the Milken Institute's project on globalization, contributed this comment to the International Herald Tribune.

Lend an Ear to Complaints From the Emerging Countries About Globalization

By Tom Plate

LOS ANGELES — A University of Exeter professor, Timothy Gearing, in his new book "Fair Shares: Ethics and the Global Economy" says globalization has "the potential for destroying society."

That is a bit much, of course, for a comparatively new force on the planet whose effects are only slowly becoming apparent. Still, does a more integrated world economy add to the wealth of nations so that the resultant rising tide lifts all boats? Or do the rich merely become even richer, leaving the world's poor in their wake?

Economists tend to say that their craft is about money, not about ethics or justice. But sagas as far back as Aristotle and up to today's egalitarian ethicists, especially the great Harvard philosopher John Rawls, have always insisted that at the heart of justice one inevitably finds greed.

To many in the West, this line of thought can seem like Marxism. But not in the Third World. Referring to the stomach-wrenching downdrafts in less wealthy economies, Egypt's President Hosni Mubarak says: "In the emerging world, there is a bitter sentiment of injustice. There is a sense that there must be something wrong with a system that wipes out years of hard-won development because of changes in market sentiment. Years of progress are gone, because of developments elsewhere."

The answer to the Mubarak of the world is not to make the obvious point that in their exaggeration they play mainly to the soccer stands, but to figure out which parts of their anti-globalization message are valid. To

fail to do that is to put at risk the valuable internationalizing power of globalization.

In a recent speech, the eloquent UN secretary-general, Kofi Annan, said: "National markets are held together by shared values and confidence in certain minimum standards. But in the new global market, people do not yet have that confidence."

The West should be less dismissive of Third World laments. Profit and economic growth surely are not the only social values advanced by the developed world. Why not offer a large spirit, an open mind, new ideas for managing change?

Fears about the potential ravages of globalization could divide the world into those who believe and those who hatefully do not. That could herald a new ideological war that could bring out the worst in us all.

Los Angeles Times.

Policing Hedge Funds: Who's in Charge Here?

By David Ignatius

WASHINGTON — They were on the cover of Time magazine two weeks ago, Alan Greenspan, Robert Rubin and Larry Summers. They vaporized trade barriers here, bolstered currencies there and generally try to keep the world financial system from spinning out of control.

They were at the Group of Seven finance ministers' meeting in Bonn this past weekend, fending off what they see as ill-considered European proposals for regulating exchange rates.

These guys are making enemies. Some Europeans, less convinced that the answer to every financial question is "the free market," find their cockiness an annoyance.

This is giving us a preview of the great economic debate of the 21st century, namely, how to cope with the wealth-creating, havoc-wreaking forces of globalization. It is a battle between private solutions and public ones, between flexibility

and order — and, to a disturbing extent, between the United States and its trading partners.

On one crucial subject, what to do about hedge funds, the three men have been having a modest dispute. Their discussions are taking place in a supersecret clubhouse called the President's Working Group on Financial Markets. Others in the group include the chairman of the Securities and Exchange Commission, Arthur Levitt.

The group launched its study of hedge funds last September after one of America's best known funds, Long-Term Capital Management, had a spectacular turn of events, requiring a \$3.6 billion emergency transfusion. Many of Wall Street's leading investment banks, such as Goldman Sachs, also suffered huge trading losses in the panic after Russia defaulted on its debt on Aug. 17.

What to do about these hedge funds and the excessive trading that has allowed them to make huge, speculative wagers.

Hedge funds borrow money against their capital and make exotic investments, such as bets on foreign currencies or interest rate spreads. The best known is probably George Soros's Quantum Fund. Many Europeans and Asians blame them for speculative attacks that can trigger economic crisis.

Inside the clubhouse, the group is puzzling over the deeper financial riddle that lies behind hedge fund speculation: How can government policymakers keep up with the evolution of global capital markets? As the markets spin ever faster, what can be done to reduce the risk of a future crash that might topple the system?

For all their seeming confidence, Mr. Greenspan and Mr. Rubin are vexed by this issue because they don't know what the answer is. Mr. Greenspan wants to believe that markets will be self-correcting. Mr. Rubin seems less sure.

The members of the working group do not comment on their discussions. But the flavor of the debate can be gleaned from public comments, such as answers they gave to the House Banking Committee on Sept. 16.

Mr. Greenspan argued that hedge funds "are very strongly regulated by those who lend them money." Mr. Rubin countered that Mr. Greenspan's answer "assumes that the creditors are careful," something Mr. Rubin doubts.

Mr. Rubin's most surprising quality is his skepticism about

markets. A former Wall Street trader, he believes that when times are good even smart people can do very dumb things. That problem is exacerbated by modern technology, which increases the size and speed of the mistakes people can make.

Mr. Greenspan told a House committee flatly in October that "hedge funds ... cannot be regulated in this country." He fears that any attempt to regulate them would simply drive traders to unregulated U.S. entities or offshore.

Mr. Rubin seems more willing to consider regulation. He would like to test the fancy mathematical models that big hedge funds and investment banks use to calculate the risks of their portfolios, by examining how a portfolio would have performed during the worst downturns of the past 50 years.

It is a measure of the way the world works these days that the private sector is seeking a quick fix for the hedge fund problem. Twelve of the biggest international banks and investment firms have been meeting quietly since last month.

Their group is considering new rules for the game — including collateral standards for hedge funds, common risk-management techniques, and perhaps even a private organization that could gather information on the creditworthiness of big speculators.

The giants of finance think they know what they are doing. And that is the problem that vexes Mr. Greenspan and Mr. Rubin. Can they trust the fate of the global economy to these private parties? Do they have any alternative?

The Washington Post.

From Past to Future in Germany

By Tina Rosenberg

NEW YORK — Gerhard Schroeder, born in 1944, came of age as a leftist in the 1960s. He and many of his closest advisers entered politics to rebel against their parents' customs and expose Nazis still in government.

The contrast between his history and that of his predecessor, Helmut Kohl, is visible in the four months that he has been chancellor. He has brought a different attitude toward dealing with the Nazi past — and a welcome new approach to the treatment of minorities, an issue where the past still echoes today.

After Hitler's defeat, West Germany underwent a far-reaching process of de-Nazification. But the purges and payment of reparations were imposed by the Allies. The Third Reich's crimes were invisible in German schools. The 1950s did see the beginnings of some trials, but it was the trial of Auschwitz guards in 1964 that sparked a German rebellion against the past.

Mr. Schroeder's generation wrote a new curriculum for the schools, exposed Nazis still in power and instituted a culture of questioning.

No nation has done more to Germany to deal with its past. None has announced its guilt more loudly, paid more in reparations (more than \$60 billion) or put more of its own citizens on trial for war crimes. This is appropriate, as German guilt is unique.

Still, Mr. Kohl made mistakes. The Kohl government's

plan for building a memorial to murdered Jews in Berlin is one example.

The working design for the project, begun 10 years ago, was a forest of 2,800 giant stone pillars — politically correct, many said, but ominous and bombastic in a city already overwhelmed with fascist architecture and giant Soviet war memorials.

Michael Naumann, Mr. Schroeder's culture minister, worried that the memorial would have no educational effect. He has improved the idea by proposing the addition of a Holocaust archive and research library.

The additions would have the added benefit of marking the deaths of others killed in the Holocaust, like Gypsies and homosexuals. The decision is now in the hands of the Bundestag.

Mr. Schroeder's original instinct would have been better still. That was to use the money to fix decaying concentration camps and improve their museums — the most powerful monuments imaginable.

He has moved more forcefully to settle an outstanding debt. Last week the government brokered an agreement by Germany's 12 largest banks and businesses to pay into a fund expected to be worth at least \$2 billion to compensate those used as slave labor by private business during the war.

The fund is an achievement. Unlike the Swiss government, which has refused to join any settlement, the German government initiated its reparations fund.

The vigorous German debate over the past is probably more valuable for memorializing the Holocaust than any field of stones. But the more relevant test of whether Germany is a "normal" nation is how it deals with present questions of race.

Jews are coming back, especially to Berlin, and there are more than 70,000 Jews now in Germany. Other minorities feel less welcome. Especially in the eastern states, where unemployment is 18.9 percent, violence against immigrants is alarming.

The most important thing Germany can do to change public attitudes is to pass Mr. Schroeder's proposals to change its citizenship laws. Even foreigners whose families have been in Germany for generations have little chance to become citizens. Mr. Kohl's Christian Democrats and other conservatives have run an ugly petition drive against the change.

Germans are again debating how much guilt people today must bear for the past. Except for a handful of old men, the answer is "none." But all Germans have a special responsibility for the future, to maintain democracy and deep tolerance. This is how Germany should now be judged.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Cairo Trolleys

PITTSBURGH, Pa. — Contacts have been closed by the Westinghouse Electric Company for the equipment of fourteen trolley cars for a line in Cairo, Egypt. English capitalists will build the road, which will be extended to the Pyramids. Ordinary trains are in operation, but they do not extend beyond the city. Tourist parties for the Pyramids have to make a slow journey by Nile boats of an antiquated type or overland by donkeys. It is proposed to make motor men of the dragomans now employed to conduct parties up the Nile.

1949: Jewish Protest

BERLIN — Stone-throwing Polish Jews battled with German police in the heart of Berlin to stop the British film "Olivier Twist" from being shown. British authorities were compelled to clear the Kurbel Theater, in their sector of Berlin, when it became clear that the police were unable to subdue the demonstrators. The Jews are attacking the screen version of the Charles Dickens novel as anti-Semitic because they say the character Fagin is too emphatically portrayed as a Jew. (Fagin lives off the earnings of small boys whom he has trained as thieves.)

1924: Moody London

LONDON — Nerve experts explained why Londoners have suffered from an unusual and widespread rise in temper in the last six weeks. This attack of nerves is attributed to the fact that the British capital has been

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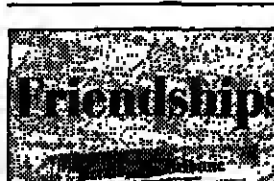
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HEALTH/SCIENCE

Forecasting One's Emotions
Why Do Most People Flunk the Test?By Philip J. Hilts
New York Times Service

NEW YORK — Everyone is a forecaster, says Daniel Gilbert, a psychologist at Harvard University, trafficking out in the day-to-day weather, but in individual emotional barometers.

And in making decisions, any decisions, people rely on their individual forecasts to determine how their choices will make them feel in the future, and then use those forecasts to guide their choices. But, like some weather forecasts, it appears those predictions are often wrong, according to an array of data from a small but growing field of psychology.

Beginning a recent scientific paper in *The Journal of Personality and Social Psychology*, Mr. Gilbert wrote: "Imagine that one morning your telephone rings and you find yourself talking to the king of Sweden, who informs you in surprisingly good English that you have been selected as this year's recipient of a Nobel Prize. How would you feel and how long would you feel that way?"

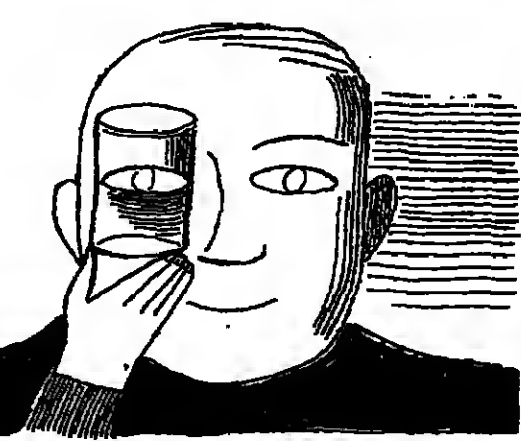
He continued: "Now imagine that the telephone call is from your college president, who regrets to inform you (in surprisingly good English) that the Board of Regents has dissolved your department, revoked your appointment and stored your books in little cardboard boxes in the hallway. How would you feel and how long would you feel that way?"

In the second instance, Mr. Gilbert wrote, "Losing one's livelihood has all the hallmarks of a major catastrophe, and most people would expect this news to have an enduring negative impact on their emotional lives." But, he added, "Such expectations are often important and often wrong."

Mr. Gilbert studied more than 100 college professors before and after they found out whether they had achieved tenure. He found that the educators expected to be quite happy if chosen, and quite unhappy if not. But those predictions were wrong. Those who got tenure were happy, but not as happy as they had predicted. And those who were denied tenure did not become very unhappy.

There is now a long list of such experiments.

Lottery winners, for example, were interviewed several times after they won big jackpots (averaging almost \$500,000). While people expected to feel considerably happier for a long time,



just the gradual lessening of vividness, but that the mind has a number of active processes that alter the memory and blunt the feeling on purpose. Beginning almost immediately, we obscure the irritating or humiliating in the same way an oyster covers a grain of sand with a layer of smooth pearl.

Studies have shown that even severe events have a negative impact on people's sense of well-being and satisfaction for no more than three months, after which their feelings at least go back to normal. "Most people are reasonably happy most of the time, and most events do little to change that for long," Mr. Gilbert said.

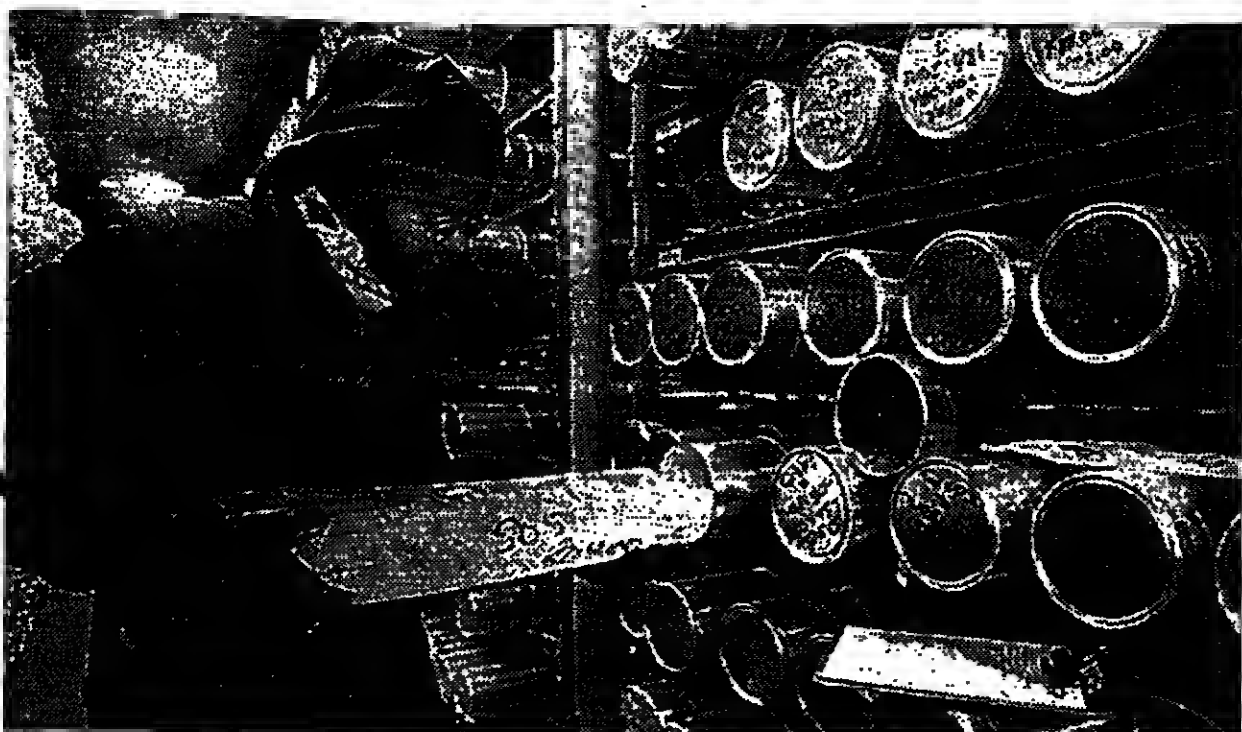
He quotes Sir Thomas Browne, a 17th-century writer, who said: "I am the happiest man alive. I have that in me that can convert poverty into riches, adversity into prosperity, and I am more invulnerable than Achilles; for he had out one place to hit me." Mr. Gilbert said that whatever that thing was that Browne claimed to have, "most ordinary people seem to have it, too."

In science, literature and folklore, he said, "people are famous for making the best of bad situations, remembering their successes and overlooking their excesses, trumpeting their triumphs and excusing their mistakes. Psychologists from Freud to Festinger have described the artful methods by which the human mind ignores, augments, transforms and rearranges information in its unending battle" against the bad feelings produced by the world and things in it.

ONE primary reason people do not get predictions right about their future feelings and tastes is that they forget these powers, this "immune system" that blunts bad feeling and helps them adjust. In tests, the researchers found that when people tried to predict future feelings, they most often failed to take into account their capacity to discount bad events. But as soon as the bad events occurred, they made full use of those powers.

In one example, students were given personality ratings by two methods — a rating by computerized test and a rating by a panel of qualified and experienced psychologists. They said they expected that they would feel equally bad if given the lowest rating by either method. But when the scores came in, within seconds, those given the lowest rating by computer felt better and commented on the unreliability of the computer method.

Mr. Gilbert points out that this is not



Ice cores stored in Denver contain chemical traces that reveal to scientists details about previous ice ages.

Ice of Ages: When Is the Cooling?

By William K. Stevens
New York Times Service

NEW YORK — More often than not over the last million years, the Earth has been locked in the deep cold of ice ages. In the frigid depths of the most recent of these glaciations, which lasted about 100,000 years and ended about 10,000 years ago, great sheets of ice hurled much of Europe and North America. In its expansion phase, the ice sometimes advanced so fast that it bulldozed forests in its path.

Most experts believe the ice will come again, as surely as the Earth turns on its axis and revolves around the sun. It will crush cities, freeze great stretches of northern lands and suck up so much of the world's water that global sea levels will drop by hundreds of feet. People will survive just as they did then, but the warm, salubrious, all-too-brief interval in which civilization flourished will be over.

The question is: When? Until recently, scientists who study past glaciations for clues to the future thought the present warm period was nearing its end. Though global warming from the emission of heat-trapping greenhouse gases might complicate the situation, they believed that an uneven slide into a new glaciation could begin at almost any time.

"Now most people have dropped that view," said Lloyd Burckle, a paleoceanographer at Columbia University's Lamont-Doherty Earth Observatory, who is an expert on ancient climates. New evidence has led scientists to be-

lieve that the present warm period could last another 10,000 to 20,000 years, or even longer.

They say the new evidence, in the form of chemical tracers of past climates contained in deep-ocean sediments, suggests that previous warm periods lasted longer than had been thought. In particular, a warm interval some 400,000 years ago appears to have endured for 30,000 years or more. Scientists call it Stage 11, after its designation in the standard record of glacial-interglacial cycles discovered through study of the deep-sea sediment tracers.

In some critical aspects, Stage 11 appears to have more in common with today's interglacial, denoted as Stage 1 and known as the Holocene period, than do other warm periods of the past.

Further evidence also suggests that the most recent warm period before the Holocene began about 130,000 years ago and lasted some 20,000 years, twice as long as had been thought — and twice as long as the Holocene has endured so far.

That interglacial, sometimes called the Eemian period, appears to have had two distinct phases. One, roughly the first 12,000 years, was warm and stable. The second half of the period saw a gradual growth of ice sheets in the North Atlantic region — but the climate of the region apparently stayed warm for another 8,000 years or so before descending fitfully into a new glaciation. The evident lag between the growth of ice sheets and their impact on climate is an indication that even if the Earth's overall climate stays warm for another 10,000 to 20,000 years, there may still be severe weather changes.

How the climate behaved in the earlier warm intervals is one of many mysteries that plague and fascinate those who study the ice ages. The conundrum is complicated all the more by the potential impact of humans' burning of fossil fuels like coal, oil and natural gas, which produces the heat-trapping atmospheric gas carbon dioxide.

According to a calculation by James Kasting of Pennsylvania State University, an expert on geochemical processes and ancient climate, fossil fuels would be used up in about 800 years at present rates of burning. If that happened, he said, there would be four to eight times as much carbon dioxide in the atmosphere as in pre-industrial times, and it would raise the Earth's average surface temperature by 8 to 27 degrees Fahrenheit.

"It looks like we would completely break the glacial-interglacial cycle," he said.

THAT much warming would probably melt all or most of the ice on Earth, raising sea level to heights unknown in the last 65 million years or so and wiping out most of today's coastal zones, where about half of humanity lives. It would probably make the tropics uninhabitable and return the world's climate to conditions that prevailed in the era of the dinosaurs, when crocodiles lived in the Arctic.

"It's hard to believe we'd ever be that stupid," said Wallace Broecker, a geochemist at Lamont-Doherty. On the other hand, there has been little progress in reducing the use of fossil fuels.

Heeding Patients at Life's End

By Jane E. Brody
New York Times Service

NEW YORK — In the insightful and poignant drama "Wit," now playing off-Broadway, the protagonist — a woman professor with advanced ovarian cancer that spreads despite aggressive medical treatment — brings to light many of the issues that still make dying an unduly painful experience for far too many people in Western society.

The woman writhes with intractable pain because her doctor fails to order the patient-controlled analgesia suggested by the oncology nurse. And when she finally takes her last breath, a team races in with machines ready to revive her even though her chart clearly states that she does not want to be resuscitated.

Dying is rarely easy. It is not easy for the person whose end is near or for family members and friends who love the one who is dying. It is made no easier

when death is unduly prolonged by life-sustaining medical instruments, when the patient is suffering from severe pain or other intolerable symptoms, when family members are forced to make difficult medical decisions without guidance from the dying person and when the people closest to the dying person cannot talk openly with the patient about what is happening and bring their relationships to meaningful closure.

Though in recent decades families and physicians have begun to discuss the subject of death and dying more openly, there still appear to be wide gaps between what patients want for their last days and what doctors and other health professionals think they want.

In a study published last month in *The Journal of the American Medical Association*, three experts on aging and dying reviewed what patients consider to be appropriate care for the end of life. The team, headed by Peter Singer, a general internist and ethicist at the University of

Toronto, analyzed the findings of three studies of patients with life-threatening disorders: 48 patients on dialysis, 40 patients infected with the virus that causes AIDS and 38 residents in a long-term care facility. They did not include cancer patients because most of what is known about end-of-life care has come from previous studies of people with cancer.

"We wanted results that could apply across the board to a broad spectrum of illnesses and that would include the views of people who are still relatively healthy," Dr. Singer said in an interview. He and his colleagues, Douglas Martin and Merrijoy Kelner, concluded that most of the quality-of-care guidelines that have been promulgated by health professionals in recent years are either too vague or too specific to be of much help to patients and their loved ones.

"The concerns of patients and their families should be central to what we do because they are at the center of the dying experience," Dr. Singer said. Based on patient interviews, the Toronto team formulated five concepts that they said could go a long way toward improving the quality of care at the end of life.

Of greatest importance to patients, the team found, is avoiding pointless prolongation of life. Many said they feared "lingering" and "being kept alive" by machines after they could no longer enjoy life. Many were terrified of becoming a "vegetable" or living in a coma. As one patient put it: "If it ever comes down to being put on a life-support system, I wouldn't go for it unless there's a chance that I would come around and be normal again."

Patients were adamant about wanting to retain control of their end-of-life care decisions while they were capable of doing so, and they wanted the proxy of their choice to retain control if they were no longer able to do so.

BUT by control, patients did not mean "micromanaging every treatment decision as if they were ordering take-out food," Dr. Singer said. "They want to know their views will be respected and followed."

The patients interviewed wanted to spare their loved ones of any serious burdens related to their dying, including having to provide physical care and having to make decisions about life-sustaining treatment without guidance from the patient. As one of those interviewed put it: "I don't want them making the decisions for me without knowing how I would decide the same thing. They don't have to say, 'Well, what would he do in this situation?' if it's already written down."

Dr. Singer said, "Death is not a beautiful experience. But it ought not to be a terrible one either. By focusing on issues that are important to patients, most terrible deaths can be avoided."

Stress and the Germ Equation

By Abigail Zuger, M.D.

NEW YORK — A patient I'll call Mario sat down opposite me with the look that meant we were about to have a fight. We have had many — mostly split decisions, which is why we are still on the friendliest of terms.

"I can't do any blood tests today," he said. "I've been too stressed out. I know my immune system is way down." He glared at me.

Mario thinks that I don't put much stock in the stress theory of disease, at least the way it shakes out in the examining room, where stress is seldom triggered by a earthquake but is usually a smaller-scale affair. He thinks I have cast my lot with the competing germ theory, ascribing his past health problems to HIV-related infections and his current good health to a handful of strong medications. He thinks I poo-poo the importance of his relaxation techniques in keeping him whole. He knows that the last time stress loomed I demanded blood tests anyway.

What he doesn't know is that my thoughtful adherent of the germ theory of disease can only be impressed with how remarkably little it sometimes winds up explaining about infectious diseases. Not infection in the laboratory with carefully selected populations of cells and animals, but infectious disease out here in the wild, where stressed-out humans often respond to germs in a way that defies the germ

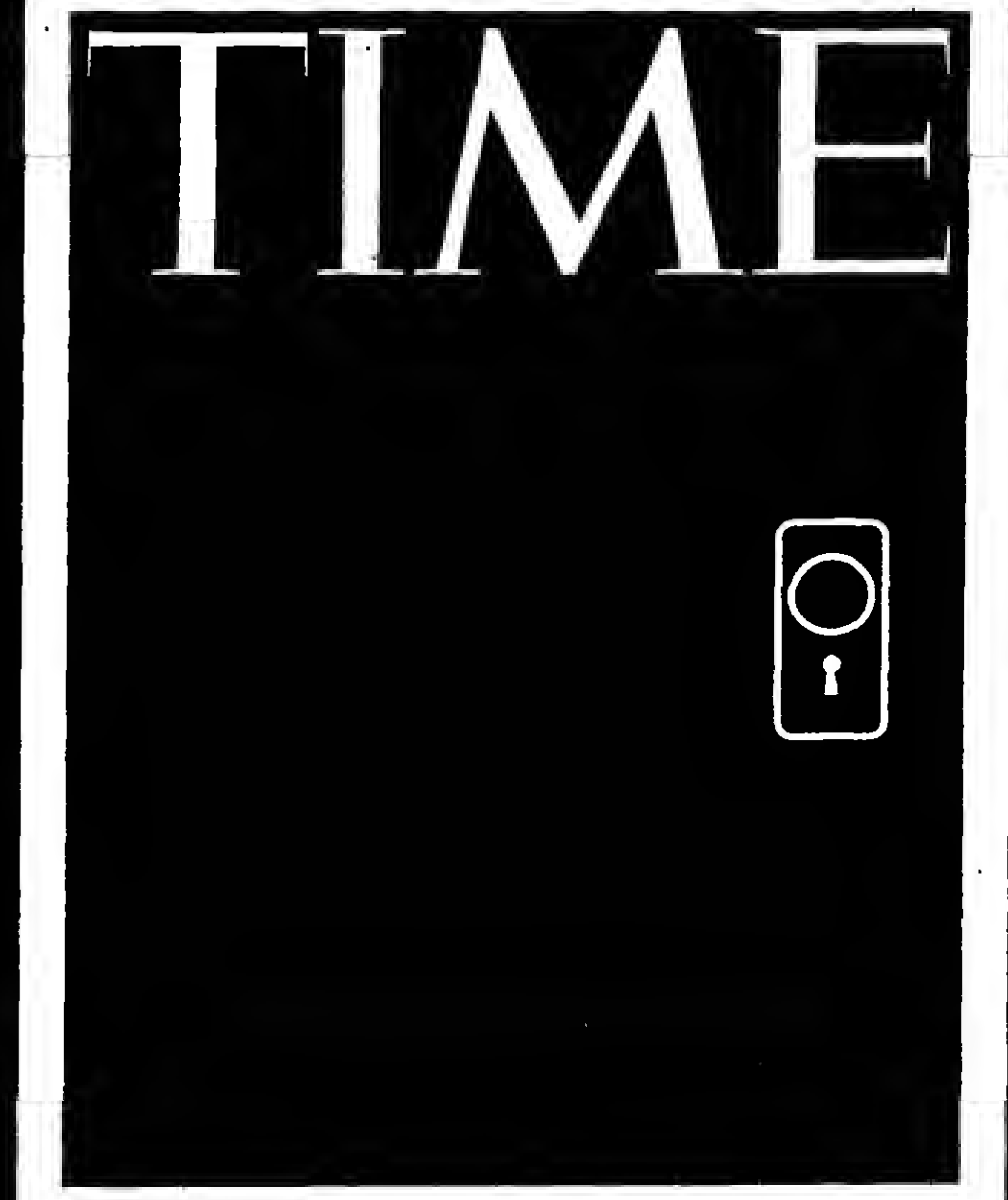
theory's simple axioms. The story of the bacteria associated with peptic ulcer disease is a prime example. Ulcers were considered to be a paradigm of stress-induced disease, evidence of mental anguish turning physical. Then in the early 1980s a bacterium called *Helicobacter pylori* was found to be associated with most ulcers, and the science swung around. Ulcers were only an infection after all. Relaxation was out for treatment, antibiotics were in.

But the question of what causes ulcers remains almost as murky as ever. Many people carry *H. pylori* from childhood on, but more than 80 percent never get ulcers. Ten percent in 30 percent of ulcer patients never carry the bacteria. Meanwhile, scientific studies that convincingly associate ulcers with psychological stress remain to be dealt with. The German blitz of London in World War II and the 1995 Kobe earthquake in Japan both precipitated local outbreaks of ulcer disease.

Acolyte of the germ theory that I am, I almost bet Mario \$20 that the stresses of a new job were not going to inactivate his medications and give his infections the upper hand. But the blood tests I made him take came back completely out of whack. I was out looking forward to admitting defeat.

But Mario synthesized it all a few weeks later with elegant simplicity. "I told you I was stressed," he said. "I was kind of too stressed to take my medicines for a while." He smiled sheepishly. Another split decision.

New York Times Service



STEP OUT OF YOUR WORLD

CAPITAL MARKETS ON MONDAY

With Bond Yields Low, Riskier Alternatives Look Attractive

By Richard A. Appel Jr.
New York Times Service

NEW YORK — Even with yields on U.S. Treasury bonds rising lately, times can be tough for those investors who want to live on income from investments.

They get a miserly yield of about 5.4 percent from a 30-year Treasury. And a typical one-year bank certificate of deposit earns just 4.34 percent. As for stocks, the companies in the Standard & Poor's 500 index offer a puny average yield of 1.28 percent.

Investors who wander from government bonds and CDs must cope with risk to their principal, but if they are seeking income, they may have little choice.

Donald Sazdanoff, a money manager for individuals and small-business retirement plans at Sovereign Asset Management in Lexington, Ohio, said he has

sworn off Treasuries and is moving into other investments until the yield on the 30-year bond climbs higher.

"It's just not out there on the bond market side," he said.

One obvious income-producing alternative, the real estate investment trust, entails a significant measure of additional risk.

But with shares down more than 25 percent, on average, in the last year, fans of REITs say these investments have

can go lower if the economy sags. "If we do go into a meaningful recession, that's negative for every industry, and obviously real estate is not an exception," Mr. Steers said.

The risk-averse investor should look

INVESTING

for REITs that might better withstand an economic slowdown, particularly well-run trusts that specialize in office and health care properties. Mr. Steers said one of his favorites is Highwoods Properties Inc., based in Raleigh, North Carolina, which owns office buildings and other properties and yields 9.17 percent. It trades at 7.3 times 1998 funds from operations, essentially income with no cash charges for depreciation and amortization added.

That is less than the ratio for many comparable REITs. Mr. Steers also likes

Nationwide Health Properties Inc. of Newport Beach, California, which owns nursing homes and assisted-living centers. It trades at 8.8 times 1998 funds from operations and yields 10 percent.

Another beaten-down sector is electric utilities. The 15 that make up the Dow Jones utilities average yield 3.7 percent, but that is not the whole story. Many utilities are stable, slow-growth companies with much higher yields, according to Mark Luftig of W.H. Reaves & Co., a money manager based in Jersey City, New Jersey, that specializes in utilities.

Utilities are probably a safer bet than REITs now, as evidenced by their lower yields. Deregulation of the industry is not the concern it once was, Mr. Luftig said, as some legislative efforts have lost steam. And many utilities now have years of heavy capital spending behind them, he said, and can use free cash flow to pay off debt, buy back stock and perhaps increase dividends.

One of Mr. Luftig's higher-yielding choices is the Ameren Corp., which serves Illinois and Missouri and offers a 6.75 percent yield with an estimated 1999 price-to-earnings multiple of 13. He also likes Wisconsin Energy Corp., which serves Wisconsin and part of Michigan and yields 6.12 percent with an estimated 1999 price-to-earnings ratio of 12.6.

For U.S. investors, meanwhile, junk and municipal bonds still offer unusually fat yields relative to the risk-free bonds of the federal government.

Top-rated munis, which pay tax-free dividends, now offer 9.2 percent of the yield of 30-year Treasuries, according to Delphis Hanover, a bond research firm. And the KDP Investment Advisors in-

dex of high-yield bonds yields 4.54 percentage points more than 10-year Treasury notes, down from 6.25 points at the height of the hedge-fund and emerging-markets scare last October but still well above the average spread of 3.54 points since 1992.

Many experts recommend that for convenience and diversification, investors buy junk and municipal bonds through mutual funds.

But the best deals now may be closed-end funds, whose shares trade like those of ordinary companies and so can be priced above or below their underlying net asset value.

Lately, many closed-end bond funds have seen their discounts grow, some to as wide as 10 percent or more. This means that you can buy \$1 of securities for 90 cents.

For muni, Thomas Herzfeld, a closed-end fund adviser in Miami who manages about \$100 million, likes Morgan Stanley Dean Witter Municipal Premium Income, yielding about 5.55 percent.

Though analysts panned it last year when it cut its dividend, Mr. Herzfeld said that it offers a good yield and that its discount to net asset value, at 11.2 percent as of last Thursday, is far wider than it usually is.

Junk bonds are riskier. A recession

Squeezing Out Income

30-year Treasury bond	5.38%
One-year bank certificate of deposit	4.34%
Standard & Poor's 500 index	1.28%

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Feb. 19. Prices supplied by Telekurs.

Risk Name Cpa Maturity Price Crt Yld

Australian Dollar

210 Fannie Mae 6 08/15/97 104.0000 61.300

Belgian Franc

153 Belgium 4 11/21/94 115.4 53.300

British Pound

95 Fannie Mae 6 04/07/02 105.2500 6.5300

109 Amortization FRN 6 03/21/23 94.2700 6.3800

124 Future Rentals 2 zero 02/20/07 89.2500 5.1900

159 EIB 6 12/07/28 116 51.700

198 Rd Fin N 1 6 03/31/38 124.4000 5.2400

235 Biffon 6 03/03/00 104.0700 6.5300

238 Air Tours 6 01/05/04 113 41.900

243 British 7 04/07/02 105.9000 6.5400

Danish Krone

25 Denmark 6 11/15/99 114.2100 5.2500

28 Denmark 8 05/15/03 115.3500 6.8800

33 Denmark 7 11/15/07 119.8000 5.8400

44 Denmark 8 03/15/05 123.5000 6.4800

55 Denmark 7 11/15/01 111.2700 7.1900

59 Denmark 6 10/15/02 95.0000 6.1200

62 Realcredit 6 10/15/29 97.5500 6.1500

69 Nykredit 6 11/15/00 105.1100 5.9500

74 Denmark 4 02/15/01 103.9000 5.9500

81 Denmark 7 11/10/24 122.0400 5.5100

82 Denmark 6 10/15/99 101.5000 5.8900

87 Unibank 6 10/15/99 101.5000 5.8900

96 Denmark 7 12/15/04 115.7300 6.0500

131 Denmark Tills 6 08/02/99 98.4350 6.2000

162 Denmark 6 11/15/00 105.5100 5.7000

188 Bifreddi 6 10/15/99 102.5000 6.1400

240 Denmark T-bills zero 05/03/99 99.2800 3.3500

Deutsche Mark

174 Credit Foncier 7 02/24/03 111.8000 6.4800

219 World Bank 6 04/12/05 117.70 6.6500

221 Federal Ind 6 08/22/00 115.5400 5.7600

244 EIB 5 04/15/98 106.4250 4.9900

Euro

1 Germany 5 01/04/08 111.2423 4.7200

2 Germany 3 01/04/09 99.6390 3.7600

3 Germany 6 02/04/07 114.2100 5.2500

6 Germany 4 07/04/08 101.5700 4.6600

5 Germany 6 01/04/07 114.2700 5.2500

6 Germany 5 01/04/28 112.0333 5.0200

7 Germany 7 07/04/27 125.6107 5.8700

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16 Germany 7 12/20/02 112.6188 6.2200

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20 Germany 6 07/22/02 115.0817 6.5900

22 Germany 6 04/24/06 115.5400 5.1000

24 Treasury 7 01/01/02 115.3381 6.7200

27 Germany 7 01/01/02 115.4575 6.7900

28 Germany 6 08/26/01 113.3596 7.2200

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32 Treasury 7 01/01/02 115.4575 6.7900

33 Treasury 4 02/22/02 103.7700 4.4000

34 Treasury 7 01/01/09 119.6400 6.2200

37 Germany 6 01/01/02 115.0817 6.5900

38 Austria 3 09/09/04 119.6400 6.2200

39 Germany 6 01/01/02 115.0817 6.5900

40 Germany 6 02/01/02 111.2925 7.2000

41 Germany 6 01/01/02 115.0817 6.5900

42 Germany 4 04/24/06 115.5400 5.1000

43 Germany 6 01/01/02 115.0817 6.5900

44 Germany 6 01/01/02 115.0817 6.5900

45 Germany 6 01/01/02 115.0817 6.5900

46 Germany 6 01/01/02 115.0817 6.5900

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48 Germany 5 01/01/05 116.4143 5.5800

51 Germany 8 01/01/05 116.4143 5.5800

52 Germany 4 11/20/01 104.2700 4.7500

53 Treasury 6 03/04/04 113.4886 5.5100

54 Treasury 4 11/20/03 111.1663 4.3900

55 Treasury 4 04/16/00 101.3000 3.9500

57 Germany 5 01/15/00 103.4500 5.0000

58 Germany 4 01/22/01 118.9100 6.1700

60 Germany 4 05/17/02 103.9333 4.3300

61 Germany 6 06/20/16 119.9443 6.0300

62 Netherlands 4 01/15/02 113.2900 5.2900

64 Germany 4 01/01/02 104.9900 4.2200

65 Treasury 6 04/22/03 112.9813 5.8100

66 Germany 4 01/01/02 113.2900 5.2900

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71 Germany 1 08/20/01 101.5700 4.7800

73 Germany FRN 3 06/07/01 99.5988 3.0800

75 Germany 6 01/15/04 115.0817 6.5900

76 Germany 7 11/15/04 120.1113 6.4000

77 Treasury 6 06/11/03 113.7814 6.0400

78 Treasury 6 07/09/03 112.9625 5.8600

79 Germany 8 01/15/02 113.2900 5.2900

84 Germany 6 01/15/04 115.0817 6.5900

85 Germany 3 11/21/00 103.5400 4.9500

86 Germany 6 01/15/04 115.0817 6.5900

90 Hungary 4 01/15/02 97.0125 4.1200

92 Belgium 5 03/28/08 112.9 5.1100

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94 Germany 4 01/17/99 101.6400 4.1100

97 Council Eur 4 01/20/01 97.2500 4.1100

98 Austria 6 01/15/02 119.2600 6.1000

100 Germany 4 01/15/02 101.6400 4.1100

102 Abn-Amro 4 01/15/01 97.7500 4.2700

104 CADEX 3 01/15/04 98.7100 4.3200

105 Spain 4 07/04/01 101.5700 4.6600

106 Treasury 6 02/22/02 115.0817 6.5900

107 Treasury 4 04/16/00 101.3000 3.9500

108 Treasury 4 01/22/01 118.9100 6.1700

110 Spain Bonds 6 15/00/01/13 118.2360 5.2600

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113 Sweden 3 01/15/02 101.6400 4.1100

114 Sweden 3 11/15/03 101.6400 4.1100

115 KFW 3 01/15/02 113.2900 5.2900

116 Germany FRN 4 01/15/02 113.2900 5.2900

117 Hypothek 4 01/15/02 113.2900 5.2900

118 Germany 4 01/15/02 113.2900 5.2900

119 Hypothek 4 01/15/02 113.2900 5.2900

120 Dresdner 4 01/15/02 113.2900 5.2900

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122 Spain 6 01/15/02 113.2900 5.2900

123 KFW FRN 3 15/01/01/02 99.8000 3.1600

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The Badge of Capitalism

A Poor, Remote Area in China Gets the Spirit

By Elisabeth Rosenthal
New York Times Service

JINXIANG, China — From this remote coastal town under barren hills, Chen Jiashu's influence spreads all over the world.

He lends authority to police officers on the streets of New York and to United Nations peacekeepers in the hills of Macedonia.

His presence is felt every time a Ghanaian customs inspector frisks a smuggler suspect or an American bail enforcement officer tracks down a criminal who has skipped town.

In Hong Kong, Chinese troops give testament to his skill. And all across America's heartland, Lions Club members hold his work close to their hearts.

Mr. Chen, 46, is the owner of China's biggest manufacturer of badges and pins, a world leader in the field.

"In recent years," he said, flipping through books displaying his products, "we've been making insignia for Ford, badges for the U.S. police forces, emblems for the UN forces and, I'm pretty sure, for the U.S. military, too. Though I'm not really sure which is which, of course, since I can't read any of them."

Ever since Deng Xiaoping opened China's markets 20 years ago, people in Jinxiang and other rural towns around the city of Wenzhou have been transforming themselves from the poorest of

farmers into the country's ultimate capitalists, with a strong libertarian bent.

Renowned for their aggressive entrepreneurial skills, Wenzhou-area business people like Mr. Chen have spent the last five years plowing money not only into their private factories and homes but also into roads and bridges — even the city's first tram station.

In the world's largest Communist country, they have created a free-market paradise.

In the Wenzhou region, an isolated swath along the coast of Zhejiang Province, there are few state-owned enterprises. In fact, there are few truly public works at all. Even parks, highways and highway tunnels are often — partly or totally — financed by private funds. Here, almost every family has a factory and every town a product.

The road north out of Wenzhou, the only real metropolis in the region, winds through a succession of farming hamlets with three-story concrete homes whose dirt yards double as playgrounds for the local product — stone-ground equipment, stone lions to flank doorways and huge sandaled logs.

As Lin Xueheng, deputy magistrate of Cangnan County, put it: "This area used to be a blank, and now we are filling it in. Our living standards have increased dramatically. All over China you'll find people from here doing business."

Until three years ago, cars traveling along the Beijing-to-Guangzhou high-



Chen Jiashu, one of the foremost makers of badges and pins in the world, has filled orders for United Nations and U.S. military forces.

way had to make a time-consuming detour around the broad base of Zhongfeng Mountain, 35 kilometers (22 miles) south of Wenzhou.

Then Zhang Licheng, a local farmer-turned-entrepreneur, offered to blast a three-mile-long tunnel through the mountain — if the government would

allow him to take tolls from the users for 15 years.

"It doesn't matter if you're from the government or not — you pay," a young collector told the grumbling driver of an official black Audi who had tried to wave himself through with his official pass.

Collapse of Ruble Makes Russians Count Kopecks

By Sharon LaFraniere
Washington Post Service

MOSCOW — Anya Plokhaya slipped on her husband's old green coat, bundled up her 2-year-old son, Sasha, in his blue snowsuit and trudged through the slushy snow on a recent Saturday for food.

She walked briskly past the large neighborhood grocery store. Its prices were not for her.

She also bypassed the indoor market.

Everything she needed was there, but the prices were high.

She made a point of not even looking

at clothing displays or of pausing at the juice stand. "We don't buy juice anymore, only sometimes for Sasha," she explained.

Finally, at a makeshift kiosk beside the Metro station, she opened her purse and paid 25 rubles — a bit more than a dollar — for yogurt, milk, sour cream and milk supplement.

After she slipped the carrots into her plastic bag, she had all of a dollar left.

Anya, 26, and her husband Alexei, 30, are not poor — not by Moscow stan-

dards. On the contrary, their income — the

equivalent of \$426 a month at the current rate — is on the high end for this sprawling city of 8.5 million.

A typical household of three in Moscow — which has the highest living standard in Russia — lives on an income of \$234 a month, compared with a U.S. median monthly income of \$2,931.

Just getting by was a big enough challenge before the ruble nose-dived in August and inflation set in. Now, consumer prices are nearly double last year's.

Fully 40 percent of Muscovites can no longer afford reasonable, minimal ex-

penses like a new blouse every two years or three aspirin tablets a month, according to the All Russian Center for Living Standards, a group that works with the government to determine poverty levels.

"The majority of people have had to give up on a lot of necessary, daily expenses," said Marina Krasnikova, who researches household incomes and expenses for the All Russian Center of Public Opinion Studies.

They either had to start buying less

See RUBLE, Page 13

CYBERSCAPE

Gates May Be Doing Well by Doing Good

By Katie Hafner
New York Times Service

Alabama was first. By early last year, nearly all of the state's public libraries had computers and Internet access. Then came Louisiana and Mississippi. Next up are Arkansas, Kentucky, West Virginia and New Mexico.

"We're literally going to march through the states," said Patty Stonesifer, president of the Gates Learning Foundation.

The plan is to help close the growing digital divide between rich and poor by donating money for public-access computers to libraries in all 50 states by 2003. This is the stated goal of the foundation's benefactors, Bill Gates, chairman of Microsoft Corp., and his wife, Melinda, who recently gave \$1.1 billion to the foundation, bringing its assets to \$1.3 billion.

Mr. Gates does not run the libraries, but the people who run the libraries have no doubts about the source of the money. Several of the libraries that Ms. Stonesifer visited on a recent whirlwind tour of the South, accompanied by a reporter, prominently displayed a poster of Mr. Gates holding up an Ernest Hemingway novel and admonishing people to read.

As Ms. Stonesifer was leaving a branch in New Orleans, an exuberant librarian called out, "Tell Gates it's like manna from heaven."

The library program offers a glimpse into Mr. Gates's newly burgeoning philanthropy. He and his wife also gave \$2 billion last month to the William H. Gates Foundation, which focuses on world health and population issues, and they followed that with another \$1 billion earlier this month.

At the same time, the relatively recent involvement in public libraries by Mr. Gates, whose company is embroiled in antitrust litigation with the U. S. Department of Justice, suggests a nagging

question: At what cost does a public institution accept the largesse of a benefactor whose corporate interests are closely linked to the social good he is providing?

The need for computers in economically disadvantaged areas is obvious. According to a report released last summer by the Department of Commerce, American households with annual income below \$35,000 have PC ownership and on-line access levels well below the national average, while households earning more than \$75,000 have the highest.

"Figuring out a way to bridge that gap is important to us," Mr. Gates said, in an e-mail, referring to himself and his wife. "We want to make sure everyone has the ability to have Internet access, regardless of where they live or how much money they have."

Critics have questioned Mr. Gates's altruism. When the Gates Learning Foundation was announced in 1997, as a spinoff of a Microsoft program called Libraries Online, skeptics noted that by encouraging the use of the technology that made him rich, Mr. Gates's philanthropic efforts could be considered self-serving.

Virtually all the computers that go to the libraries run on the Microsoft Windows operating system. They arrive at the libraries loaded with Microsoft programs and games as well as a handful of CD-ROM programs from Corbis, an archive of images owned by Mr. Gates.

Further, the Gates money goes to libraries as a one-time grant. The foundation will supply free software upgrades, but once the hardware is obsolete, the libraries are on their own when they need to replace it.

"This doesn't even qualify as philanthropy," said Theodore Roszak, a historian at California State University at Hayward. "It's just seeding the market. You're simply lubricating future sales."

Much of the skepticism, however, which was heaviest in the earliest days of the program, has dissipated.

"Public libraries have been ignored over the years," said Susan Kent, city librarian at the Los Angeles Public Library, who welcomes the donations. "What the Gateses have done is say that libraries are important."

The grants themselves, based on the size of the population in a library's immediate service area, are not huge. The average is roughly \$18,000 per library, which buys five computers, a laser printer and communications equipment.

Rural librarians, whose budgets are often the leanest, have seen the most striking change.

Charlotte Cabanis, who runs the public library in Bay Minette, Alabama, where 21 percent of the 8,000 residents live below the poverty line, said that since the Gates computers arrived a year ago, people who otherwise would not have thought to venture into the local library are suddenly showing up.

Many of the new patrons are encountering computers and the Internet for the first time. They use the computers to type resumes, hunt for jobs, do schoolwork, research Beanie Babies, look up medical information, investigate family roots, send e-mail and visit wrestling sites on the Web.

Librarians have noticed that traditional information resources like books and reference materials are more often than not a second thought these days. But several librarians at newly computerized libraries pointed out that circulation has increased.

"We see teenagers in here every day who never ever used to use the public library," said Ms. Kent of Los Angeles.

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CURRENCY RATES

Feb. 19									
Cross Rates									
London (d)	1.6295	2.2496	196.40	2.4394	10.9209	12.72	13.0947		
New York (d)	1.62236	1.4465	121.15	1.4865	2.673	29.02	7.9955		
Tokyo	117.85	194.85	83.76	80.54	18.03	N.Q.	15.03		
Turkey	1.4885	2.4129	1.0283	1.23	0.2215	0.5117	0.1849		
Swiss	1.4653	2.3497	—	1.1952	0.9697	21.5331	0.4977	0.1801	
One euro	1.1163	0.6438	1.5982	133.97	1.6618	7.4346	222.10	8.91	
One SDR	1.3743	0.8417	1.9582	163.37	2.0485	9.0927	394.53	10.9177	
Other Dollar Values									
Argentine peso	0.9999								
Australian \$	1.5724								
Belgian franc	0.4937								
Canadian \$	0.7107								
Chinese yuan	0.1567								
Chinese renminbi	0.1567								
Czech koruna	0.0206								
Danish krone	0.1366								
Deutsche mark	0.6366								
French franc	0.0655								
Italian lire	2.3636								
Japanese yen	0.0094								
South Korean won	0.0024								
Spanish peseta	0.0166								
Swedish krona	0.1366								
Swiss franc	0.7556								
Taiwan dollar	0.0246								
Thai baht	0.0346								
U.S. dollar	1.0000								
U.K. pound	0.6933								
Yen	0.0094								
European Cross Rates									
Mark	1.6366								
Swiss franc	1.4633								
Deutsche mark	1.0000								
French franc	0.0655								
Italian lire	2.3636								
Japanese yen	0.0094								
Spanish peseta	0.0166								
Swedish krona	0.1366								
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6 Large Insurers Face Seoul-Ordered Reform

\$2 Billion in Debt, Some May Be Dissolved

By Don Kirk
International Herald Tribune

SEOUL — South Korea's debt-ridden insurance companies have become the next target for a government-engineered overhaul, with six big life insurers now candidates for takeover or dissolution in the next round of financial reforms, according to the watchdog Financial Supervisory Commission.

A spokesman for the commission, which was established nearly a year ago to oversee restructuring of financially ailing sectors of the economy, said the six insurers had vastly understated their debts in response to a request for statements on their financial viability. The companies' total debts exceed their assets, in violation of the law, the spokesman said.

The six insurers are Dong Ah, Pacific, Kookmin, Handuk, Josun and Doowon. A commission spokesman said the six had debts approaching \$2 billion.

The commission disclosed its program for closing or selling off insurance companies while the government was gearing up for a week of publicity surrounding the first anniversary on Thursday of the inauguration of Kim Dae Jung as president.

Mr. Kim opened what amounts to a celebration of his first year in office with a town meeting Sunday in which he said that the country had basically "pulled out of financial crisis."

At the same time, he pledged heavy investment in social welfare programs and public works projects to overcome rising unemployment, which is expected to reach 10 percent of the work force in the next few months.

The campaign against nonviable insurance companies follows the merger or closure of a number of commercial and merchant banks, as demanded by the International Monetary Fund when it worked out a rescue package of nearly \$60 billion in loans in December 1997.

The reform process will continue Wednesday with the beginning of a two-month investigation by the commission into investment trust firms, mutual savings funds and other second-tier institutions, the Yonhap news agency reported Sunday.

The plan to shut down insurance companies has prompted speculation



President Kim Dae Jung outlining his plans in a TV interview Sunday.

that the top five *chaebol* or conglomerates, themselves saddled with debt-to-equity ratios of approximately 4 to 1, will attempt to gain control of most of them.

Hyundai, the largest of the *chaebol* in terms of assets, said it planned to set up a life insurance company that is likely to compete directly with Samsung Life Insurance Co., a core company of the Samsung group, the second-largest *chaebol*.

Hyundai officials said the company would take over Handuk Life Insurance. The LG group, South Korea's fourth-largest *chaebol*, said it would also set up a life insurance company by taking over Hansung Life Insurance Co.

The competition for the life insurance business in Korea was expected to attract foreign companies as well. A spokesman for the commission said that at least seven foreign companies had indicated they might want to enter the market, which has annual revenue of approximately \$80 billion.

Lee Hun Jai, the commission chairman, signaled the campaign against life insurance companies by including them among institutions that he said would be the subject of a lengthy investigation that would also cover investment trust companies and mutual saving funds.

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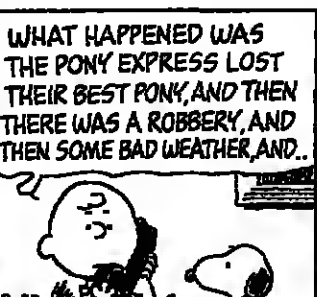
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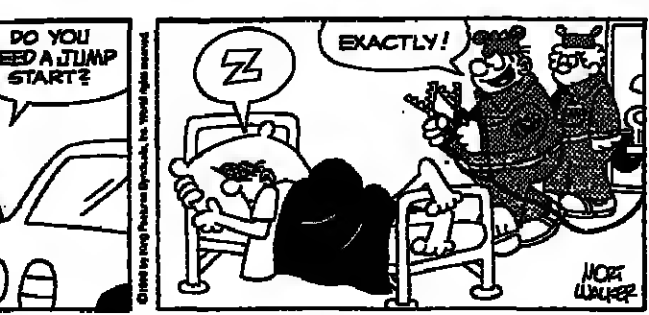
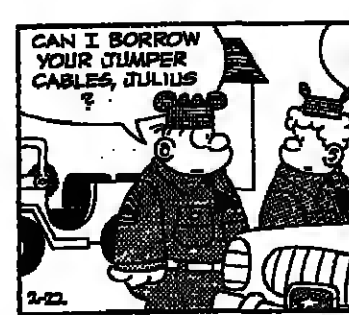
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SPORTS

England Hangs On To Defeat Scotland

Early Lead Evaporates in 24-21 Victory

By Peter Berlin
International Herald Tribune

TWICKENHAM, England — Barely 20 minutes into their opening match in the Five Nations rugby union championship, the thoughts of England's players clearly began to drift toward the World Cup in the autumn.

After scoring two quick tries Saturday, the English began to run through some of the cumbersome pre-planned moves that

FIVE NATIONS RUGBY

form the basis of the "total rugby" their coaches think will be necessary to compete with the top Southern Hemisphere nations. But even though the Scots were 14 points behind, they were not beaten. They launched a ferocious comeback, and England, sliding rapidly from complacency to panic, finished the game clinging to a 24-21 victory to win the Calcutta Cup.

In the end, the difference was that Kenny Logan had missed all three penalty attempts for Scotland — a possible nine points — while Jonny Wilkinson, an 18-year-old who was starting at Twickenham for England for the first time, kicked England's only penalty attempt.

Over the past few years, English rugby has found several ways to irritate the other British Isles rugby nations. It has taken only a few years of success for the English to forget how much, and for how long, they struggled against their neighbors. The English often give the impression that their Celtic neighbors are barely worthy opponents.

But even after Saturday's close call against the Scots, the comments from the

England coach and captain suggested that they nevertheless looked on the match as some sort of rehearsal.

"We made some daft mistakes, but it's just a question of getting the basics right," said Clive Woodward, the England coach. "Scotland scored one tremendous try, but the others came from sloppiness, and there was far too much defending for my liking."

Lawrence Dallaglio, the England captain, added: "This is a wake-up call for the entire squad. I am pleased with the outcome and pleased the way the game went because it means we will get back to hard work."

"We are in search of excellence, and we were a long way off that. People talk about the difference between the Southern Hemisphere and the Northern Hemisphere. They don't make as many mistakes as we did."

England pressed the Scots back early on. In the sixth minute, the England forwards launched three attacks on the Scottish line from close range. The Scots stopped the first two, but with their defenses spread thin they could not stop Tim Rodder from smashing over with England's first try.

In the 18th minute, Dan Luger, England's left winger, galloped over, and his team led 14-0.

England's success in recent years has been built on relentless forward power. Now Woodward has opted for a more mobile set of forwards, and his team is moving itself and the ball about the field more — but without the spontaneity of traditional back play. Woodward has brought Phil Larder from rugby league, the sport's 13-man version, to help coach the team. On Saturday, many of



Nick Beal of England smiling after scoring the winning try past John Leslie of Scotland at Wembley Stadium.

England's back movements were complicated and clearly rehearsed. They owed a lot to rugby league or American football. Such a strategy allows the coaches much more control. It is a pity the moves did not work.

It is not an approach that would entirely suit Gregor Townsend, the Scotland fly-half. Townsend gave a characteristically mixed display. He dropped the ball several times and hopelessly mislaid a couple of kicks. But he also created two Scottish tries and scored the third.

In the 26th minute, Eric Peters, a Scotland flank forward, stole the ball from Matt Dawson, the England scrum half. The ball went to Townsend, who

made a half break, to start a move that ended with Alan Tait touching down. Early in the second half, a Townsend pass allowed Tait to burst through the England defense. Tait beat Nick Beal, the England full back, and then smashed Lager back over his own line before touching down.

Beal made amends, collecting a loose ball, sidestepping a defender and scoring to restore England's 10-point lead.

But Townsend struck again. He stole the ball from Mike Carr, the England fly half, as it moved slowly and predictably down the line of England backs, and he raced half the length of the field to score. Finally, the English steadied themselves.

The Scots did not manage to threaten another score and were as disappointed in defeat as the English seemed to be in victory.

"Some of the guys were in tears in the dressing room afterwards, which I think was a result of the effort that we put in," said Townsend. "In the end, it just slipped away."

Ireland 29, Wales 23 The Irish surged into a 26-6 lead after 50 minutes, but Wales fought back with 17 straight points before David Humphreys, the Irish fly half, kicked a drop goal in the 75th minute to give his team its final six-point margin of victory Saturday at Wembley Stadium.

Why Yachtsman Wants to Don Red Socks Again to Defend America's Cup

Sir Peter Blake, 50, has won much of what is worth winning in yachting. He won the Whitbread round-the-world race in 1990. Four years later, he and co-skipper Robin Knox-Johnston took possession of the Jules Verne Trophy by establishing a record for sailing nonstop around the world, completing the journey in just under 75 days in their multi-hull Enza.

In 1995, Blake was in charge of the New Zealand team that won the America's Cup in San Diego. The lucky red socks that Blake's wife, Pippa, traditionally gave her husband before each major event became a national symbol in New Zealand.

He is in charge of the New Zealand team that will defend the cup in February 2000 and is responsible for the challengers' regatta, which begins in October. After the cup, he will then take command of the Causteau Society, the foundation launched by the Frenchman Jacques Cousteau, in whose boat Blake as

Q & A / Sir Peter Blake

his successor before he died in 1997. Blake talked with Christopher Clary of the International Herald Tribune at Team New Zealand's headquarters in Auckland.

Q: With all the offshore racing you've done, does the America's Cup get your adrenaline pumping?

A: I'm really a longer-distance person, so I get my kicks out of being quite a long way away from land. But I really enjoy my cruising. I've put racing to the side now, apart from being involved in this America's Cup. I've lost my passion to race. I've done what I wanted to do really, and I've got to win this, but this is a different exercise, more of a management exercise.

Perhaps we were very lucky, but we built on what had been learned before and

saw it through. Maybe we caught every one with their pants down. Life's like that sometimes. You get them at the right moment, and whoopee. Now we've got to try to hold onto it, and that's a different thing. We could have just forgotten about any of this development linked to the cup. Putting the harbor development in place took a huge amount of our time. Quite a few people in this organization spend a couple years if not longer getting people here to understand that this was really important. The area of sailing off Auckland is fantastic, particularly for the cup. It's like sailing on a great big sea-water lake because the race course is surrounded by islands.

Q: Why did you decide to stay involved in the defense?

A: I wasn't going to do it again. I tend to do one thing and keep at it until we win

it and then move onto something else. But our sponsors said, "Come on, the defense is different than winning it." So I said, "Well, are you guys all in? Because I can't be bothered with this huge hassle of wondering where the next dollar is coming from and those sorts of things that happen all the time." They told me they were, but the real reason I'm doing this is because I think we can win it again.

Q: Why are you not going to have defenders' trials?

A: It would make us weak. When we were setting ourselves up for this time, we looked at why Australia failed to defend in 1987. The principal reason wasn't because they weren't good enough. They had trials where they started out with four defense syndicates which soon became three. They all hated each other. They didn't share any information. They couldn't get enough money each, because what sponsor is going to go with whom? Then we looked at San Diego and thought, why did the

Americans lose to us in 1995? Well, look at all the bloody shenanigans behind the scenes — talk about causing yourself to lose. It was the same sort of deal.

They made themselves weak, and New Zealand is much too small for that. It would split the country.

Q: How did you feel when a Maori protester took a sledgehammer to the cup and damaged it badly in 1997?

A: There was this sort of stunned silence when we found out, and then all hell let loose. The phones went crazy, and the television stations here canceled their programs, and on we went. I think people here took it very personally.

People thought, we're the holders, and how could we let this happen? We all felt a little bit guilty about the whole thing, because it's the people's cup, really.

The little old lady with the bun in her hair in the middle of the South Island away from the sea, it's sort of her cup. She's the one who sat there in wool red socks. Our homecoming after we woo

Tyson Lands In Solitary for Throwing a TV

By Martin Weil
Washington Post Service

WASHINGTON — Mike Tyson, the former heavyweight boxing champion, was being held in segregation at the Montgomery County, Maryland, jail after hurling a television set against some bars, a jail spokesman said.

Tyson will remain in a segregation cell under closer scrutiny until a hearing Monday, said Eric Selezpov, acting public-information officer for the county's Department of Correction and Rehabilitation.

It was not immediately clear how the outburst would affect Tyson's chance of a speedy return to boxing.

Tyson, 32, was jailed Feb. 5 after being sentenced to 12 months in prison for attacking two motorists after a minor automobile collision in Maryland in August.

Selezpov said Tyson had been cited by a jail staff member for alleged destruction of county property after hurling the television set against a set of bars late Friday afternoon while in a dayroom area.

"Obviously, he was pretty upset over something," he said, and he threw the set, the spokesman said. He said nobody had been injured but that the set — which he described as "not a huge, fancy TV" — had been damaged.

Trinidad Defeats Whitaker

Felix Trinidad Jr. easily outboxed the aging Pernell Whitaker at Madison Square Garden, The Associated Press reported from New York.

Trinidad, 26, peppered the 35-year-old Whitaker with right-hand leads Saturday night and retained the IBF welterweight title.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE			
Team	W	L	Pct.
Atlanta	21	10	.678
Orlando	19	12	.613
Charlotte	18	13	.577
Washington	17	14	.548
New York	16	15	.515
Philadelphia	15	16	.484
Indiana	14	17	.448
Cleveland	13	18	.419
Chicago	12	19	.386
Detroit	11	20	.353
Pittsburgh	10	21	.321
Memphis	9	22	.288
San Antonio	8	23	.255
Phoenix	7	24	.222
Portland	6	25	.190
Utah	5	26	.157
Los Angeles	4	27	.125
Golden State	3	28	.092
San Jose	2	29	.059

PACIFIC CONFERENCE

Team	W	L	Pct.
Seattle	18	13	.577
Portland	17	14	.548
Los Angeles	16	15	.515
Phoenix	15	16	.484
Golden State	14	17	.448
San Jose	13	18	.419
Utah	12	19	.386
Portland	11	20	.353
Los Angeles	10	21	.321
Phoenix	9	22	.288
Golden State	8	23	.255
San Jose	7	24	.222
Utah	6	25	.190
Portland	5	26	.157
Los Angeles	4	27	.125
Phoenix	3	28	.092
San Jose	2	29	.059
Utah	1	30	.026

FRIDAY RESULTS

10. Phoenix 114-107 Los Angeles	26. Phoenix 134-104 San Antonio
11. San Antonio 101-95 Phoenix	27. Phoenix 101-95 Golden State
12. Phoenix 101-95 Golden State	28. Phoenix 101-95 San Jose
13. Golden State 101-95 San Jose	29. Phoenix 101-95 Utah
14. Utah 101-95 Portland	30. Phoenix 101-95 Los Angeles
15. Los Angeles 101-95 Phoenix	31. Phoenix 101-95 Golden State
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17. Utah 101-95 Portland	33. Phoenix 101-95 Los Angeles
18. Los Angeles 101-95 Phoenix	34. Phoenix 101-95 Golden State
19. Phoenix 101-95 San Jose	35. Phoenix 101-95 Utah
20. Utah 101-95 Portland	36. Phoenix 101-95 Los Angeles
21. Los Angeles 101-95 Phoenix	37. Phoenix 101-95 Golden State
22. Golden State 101-95 San Jose	38. Phoenix 101-95 Utah
23. Utah 101-95 Portland	39. Phoenix 101-95 Los Angeles
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27. Los Angeles 101-95 Phoenix	43. Phoenix 101-95 Golden State
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35. Utah 101-95 Portland	51. Phoenix 101-95 Los Angeles
36. Los Angeles 101-95 Phoenix	52. Phoenix 101-95 Golden State
37. Phoenix 101-95 San Jose	53. Phoenix 101-95 Utah
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45. Los Angeles 101-95 Phoenix	61. Phoenix 101-95 Golden State
46. Golden State 101-95 San Jose	62. Phoenix 101-95 Utah
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SPORTS

Miami Beats Connecticut In an Upset

Hurricanes Hit a Record For Victories on the Road

The Associated Press
STORRS, Connecticut — Miami continued its strong play on the road, snapping a losing streak at Connecticut, which started the game ranked No. 2 in U.S. college basketball.

Miami, ranked No. 15, won, 73-71, on Saturday to match a Big East record by

COLLEGE BASKETBALL

finishing 8-1 in the league on the road this season. It was Miami's first victory at Connecticut.

"This was the game that everybody was waiting for," said Johnny Hensley, a Miami guard who did a somersault after the final buzzer. "I remember coming here as a freshman and getting maulled. Now we're leaving with a win."

The Hurricanes' only league road loss this season was to Pittsburgh, and since then the road victories have been over St. John's, Syracuse, Providence and Connecticut. Not bad for a school that did not win a road game until its fourth season in the league and had won only 11 in its history.

Until its loss, Connecticut was the only Big East school to have gone 8-1 on the road since the league's 1991 expansion, doing so in 1994-95 and 1995-96.

The loss ended a 16-game winning streak for the Huskies at Gampel Pavilion.

Miami (19-5 overall, 13-3 Big East) scored the final points of the game when Tim James made two free throws with 1:40 left. They came after the Huskies (23-2, 14-2) had scored eight straight points to even the score at 71-71.

Richard Hamilton, again struggling from the field, missed a three-pointer for Connecticut and Miami's Vernon Jennings missed a short jumper.

After two time-outs, the Huskies, who have been clinched at least a tie for the Big East regular season title with a victory, ran their final play, which ended when Khalid El Amin slipped and fell as he let a 3-point attempt go.

Hensley finished with 19 points for the Hurricanes, who have won six straight and eight of nine, while Tim James and Mario Bland each had 16 points.

El Amin had 24 points for the Huskies, whose only previous loss this season was to Syracuse at the Hartford Civic Center when they were missing



Ed Cota of North Carolina, center, battling Chezy Watson of Virginia in the Tar Heels' victory on the road.

Hamilton and Jake Voskuhl in injuries.

Hamilton has struggled with his shooting since he returned.

No. 1 Duke 92, Clemson 65 In Durham, North Carolina, Duke (27-1, 15-0 Atlantic Coast Conference) used a 26-0 run at the end of the first half to beat Clemson, gain its 22d straight victory and move within one victory of an unprecedented 16-0 record in the ACC.

Will Solomon scored 17 points for Clemson (15-12, 4-10).

Arkansas 74, No. 6 Kentucky 70 In Fayetteville, the Arkansas seniors Kareem Reid and Pat Bradley each scored 17 points and won for the first time ever against the Wildcats.

Derek Hood made a free throw with 44 seconds to play and Reid hit one 12 seconds later as the Razorbacks (19-8, 8-6 Southeastern Conference) held Kentucky (21-7, 10-4 SEC) scoreless in the final two minutes.

No. 7 Stanford 64, Washington State 58 Arthur Lee hit three of four free throws in the final 19 seconds as Stanford (22-5, 12-2 Pacific-10) won at Washington State (10-16, 4-11).

No. 8 Arizona 92, Oregon 86 In Tucson, Arizona, Jason Terry scored 32 points, including 13 of Arizona's final 19, as the Wildcats (20-4, 11-3 Pac-10) clinched their 12th consecutive 20-victory season by beating Oregon (14-10, 6-9).

No. 10 St. John's 74, Georgetown 65 Erick Barkley scored seven of his 17 points in the final 1:29 as St. John's (22-6, 13-3 Big East) beat Georgetown (13-13, 5-11) in Washington.

No. 11 Ohio State 59, Northwestern 49 The reserve Nesham Coleman scored a season-high 16 points and Soonie Penn had 19 as the Buckeyes (21-6, 11-3 Big Ten) beat visiting Northwestern (14-10, 6-8).

No. 12 Utah 82, Fresno State 82 Hanno Motola scored 25 points as Utah fought off feisty Fresno State down the stretch to win the Western Athletic Conference title.

Utah (22-4, 12-0 WAC) has won the WAC regular-season title seven straight times.

No. 14 North Carolina 67, Virginia 66 Ademola Okulaja hit a 3-pointer with 1:4 seconds remaining as North Carolina (21-7, 9-3 ACC) won at Virginia (14-14, 4-11).

Penn State 78, No. 17 Purdue 70 Dan Earl had 18 points and the reserve Greg Grays scored 14, including four 3-pointers, as Penn State (11-13, 3-12 Big Ten) snapped a six-game losing streak by winning at Purdue (18-9, 6-7).

No. 18 College of Charleston 85, Furman 63 Jody Lumpkin scored 19 points and had 10 rebounds as College of Charleston beat Furman to finish its first season in the Southern Conference with

a perfect league record. Charleston (25-2, 16-0) extended its winning streak to 22.

Oklahoma State 84, No. 22 Missouri 68 Adrian Peterson scored 20 points as Oklahoma State (18-8, 9-5 Big 12) handed visiting Missouri (18-7, 9-5) its second straight loss.

No. 24 New Mexico 81, Texas-El Paso 65 Kenny Thomas hit 13 of 15 shots and tied his career-high with 31 points in his final home game for New Mexico.

He hit his first six shots, was 4-of-5 on 3-pointers, got his ninth double-double of the season with 10 rebounds as the Lobos (21-6, 8-4 WAC) beat El Paso (16-9, 8-4).

Bowling Green 69, No. 25 Miami of Ohio 66 Kirk Cowan and Keith McLeod each scored 14 points as Bowling Green (16-9 overall, 11-6 Mid-American Conference) upset visiting Miami of Ohio, keeping the RedHawks (19-6, 14-3) from clinching the MAC regular season title and top seed in the league tournament.

Harvard 87, Princeton 79 In Boston, Tim Hill scored 27 points and set a Harvard record for career assists as the Crimson topped Princeton in overtime.

Mike Beam opened overtime by hitting two 3-pointers for Harvard (11-12, 5-7 Ivy League) and the Crimson made 11 of 14 free throws in the last 1:28 to ice the game.

Bulls Show How Low They Can Really Go

Chicago Scores Just 63 Points in Loss to N.Y.

The Associated Press
The Chicago Bulls have now shown everyone just how low they've sunk. The Bulls tied their franchise record for fewest points in a game, scoring just 63 on Sunday in a 79-63 loss to the New York Knicks at Madison Square Garden in New York.

Heck, Michael Jordan once scored 63 points all by himself.

"Not the same without M.J., is it?" Dickey Simpkins of the Bulls said early

games, holding each opponent below 85 points. Pippen finished with 10 points and one assist in 42 minutes.

Cavaliers 89, Nets 84 In Cleveland, Shawn Kemp carried the Cavaliers again, scoring 24 points and grabbing 11 rebounds as Cleveland won its fifth straight game.

Derek Anderson added 19 points and Brevin Knight added 12 and eight assists for Cleveland, which won its second straight since losing the center Zydrunas Ilgaskas for the season.

Hawks 76, Pacers 69 Steve Smith led Atlanta with 14 points despite leaving the game with eight minutes left in the third quarter as the Hawks won in Philadelphia.

One night after scoring their fewest points (67) in 220 games against the New York Knicks, the struggling Sixers produced their worst offensive output in 195 games against Atlanta.

Pacers 82, Bucks 80 Chris Mullin blocked Vinny Del Negro's layup, then swished a 20-foot jumper with 18.3 seconds remaining to give Indiana a victory in Milwaukee.

Glenn Robinson, who scored 31 points for the Bucks, had his shot blocked by Antonio Davis with eight seconds left. After Jalen Rose of Indiana missed two foul shots with 6.2 seconds to go, Tyrone Hill got the rebound, and the Bucks called a time-out with 5.4 seconds remaining.

But Terrell Brandon lost the inbound pass and Rose picked up the loose ball, sprinting upcourt as the buzzer sounded.

Trail Blazers 90, Warriors 84 Brian Grant had 18 points and a career-high 24 rebounds as Portland ended Golden State's first four-game winning streak in three seasons.

Isiah Rider added 27 points as the Trail Blazers completed a sweep of their four-game homestand.

Mavericks 108, Clippers 90 Reserve forward Gary Trent scored 13 of his 25 points in the fourth quarter and finished with 16 rebounds as Dallas beat the winless Clippers in Los Angeles.

Michael Finley had 31 points and starting guard Steve Nash scored his first nine points in the third quarter to help break open a close game. The Mavericks won for just the second time in their first 10 games.

In games played Saturday:

Jazz 110, Sonics 80 Utah took its revenge on Seattle in a battle of the Western Conference's two division leaders.

The convincing victory came four days after the SuperSonics held Utah to its lowest point total in franchise history. The Jazz, whose 8-1 record is the NBA's best, looked nothing like the tentative team that lost, 71-56, in Seattle last Tuesday.

Instead, Karl Malone set the tone in a vintage physical, pounding performance that overwhelmed the Sonics. Malone had 28 points, including the 28,000th of his career, and seven rebounds.

"We knew we really had to play well today, because we were embarrassed up there," he said. "We were out a mission, and I think it showed up on the court."

Heat 81, Rockets 71 In Miami, the Heat kept Scottie Pippen scoreless for the first 32 minutes and held Houston scoreless for 10½ minutes in the second half.

The Heat have won five consecutive

Seattle's Aaron Williams fouling Utah's Karl Malone as the Jazz won.

Clemens Dons Pinstripes, and Others Find New Homes

The Associated Press

TAMPA, Florida — Roger Clemens was whisked into the New York Yankees' training camp like a celebrity, while Orel Hershiser and Pat Meares finally found homes for the upcoming season.

"Cameras whirled and fans craned their necks Saturday to get a glimpse of baseball's only five-time Cy Young Award winner in his first day in Yankee pinstripes. Fans lined a walkway stretching from the nearby Dale Mabry highway to Legends Field, while others scrambled for spots along stadium railings to watch Clemens throw 59 pitches in 13 minutes to the catcher Joe Girardi in the bullpen.

"I'm glad to get the circus out of the way and get on with business," the Yankees' manager, Joe Torre, said. "He

can't be anonymous. I'm just glad to see he's wearing our uniform."

The Yankees acquired the 36-year-old right-hander in a stunning trade that sent the pitchers David Wells and Graeme Lloyd and the infielder Homer Bush to the Toronto Blue Jays.

Clemens' five Cy Young Awards are one more than the team history total for Yankee pitchers.

"It's just real exciting to walk in and be a part of the tradition," Clemens said. "I feel very fortunate."

Meares, the free-agent shortstop who has spent his entire six-year career with the Minnesota Twins, agreed to a one-year contract with the Pittsburgh Pirates worth \$1.5 million.

The Meares signing apparently cleared the way for the Pirates to trade the second baseman Tony Womack and the out-

fielder Al Martin to Arizona for the outfielder Bernard Gilkey and \$3 million.

"We're just waiting to get approval," said Jerry Colangelo, owner of the Diamondbacks. The baseball commissioner's office must approve the plan for Arizona to pay Gilkey's deferred salary.

Meares, 30, became a free agent in December when Minnesota declined to tender him a contract. He made \$2.5 million last season, hitting 260 with nine home runs and 70 RBI in 149 games.

"The most important thing about Pat Meares is he's been a consistent major-league shortstop for a number of years," the Pirates' general manager, Cam Bonifay, said. "You know what you're going to get with him year in and year out — solid defensive play and decent offensive production for a middle infielder."

Hershiser, 40, signed a minor-league

contract with the Cleveland Indians, adding depth to their pitching staff. The right-hander spent last season with the San Francisco Giants, posting a record of 11-10 with a 4.41 earned-run average in 34 starts. Before that, he pitched three seasons in Cleveland, compiling a record of 45-21.

Owners won the final two salary arbitration cases of the year, finishing with a dominating 9-2 advantage over the players.

The Baltimore catcher Charles Johnson, who won in arbitration in 1998, will get a \$300,000 raise to \$3.6 million instead of his request for \$3.1 million.

The Minnesota outfielder Matt Luyton, who had asked for an 11-fold increase, to \$2.4 million from \$215,000, will instead get the team's offer of \$1.6 million.

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Maple Leafs Open New Home With Overtime Victory

The Associated Press

TORONTO — Another 72 seconds, and the gala opening game at the Toronto Maple Leafs' new arena would have ended in an anticlimactic tie.

But Steve Thomas converted a fine pass from the rookie Ladislav Kohn at 3:48 of overtime, and the Maple Leafs inaugurated the Air Canada Center on Saturday night with a 3-2 victory over the arch-rival Montreal Canadiens.

"A new building, an overtime goal," said Thomas, whose ninth overtime

goal tied Mario Lemieux's NHL record.

"I couldn't think of a better place to be than on the ice right here."

It was the first time since 1931 that the Maple Leafs had played a home game at a venue other than Maple Leaf Gardens, the arena now relegated to minor-league hockey and professional lacrosse.

The Maple Leafs had mild complaints about the new arena's ice and also seemed to miss the deafening noise of the more intimate Gardens.

"It wasn't as loud here," said the forward Derek King.

Todd Warriner, another Toronto forward, scored the first goal in the new arena, flicking the puck past the Montreal goalie, Jeff Hackett, at 6:04 of the first period.

"I was just in the right place at the right time," Warriner said. "It's probably my biggest goal in the NHL."

Montreal drew even at 15:42 of the first period, with Scott Thornton sliding a shot just inside the post on a pass from Mark Recchi in the corner.

Mats Sundin put the Maple Leafs back in front, 2-1, at 17:16, faking out Hackett on a breakaway set up by Thomas's long pass.

Montreal caught up with the Maple Leafs after gaining a two-man advantage early in the third period. Vladimir

Malakhov blasted a slap shot past the Toronto goalie Curtis Joseph from the point at 1:41 of the third period.

In overtime, there were few chances until Kohn — just recalled from the Toronto farm team — streaked down the side, then threaded a pass to Thomas just in front of Hackett.

The Montreal defenseman Eric Weinrich said the Canadiens, whose three-game winning streak was broken, found the new arena less daunting than the Gardens even though they lost. "It was not as imposing," he said. "It was the Leafs' first game as well as ours — they were not as familiar with the building."

The Air Canada Center's seating and amenities are far more comfortable and sophisticated than the cramped, 68-year-old Gardens, but its interior has little to

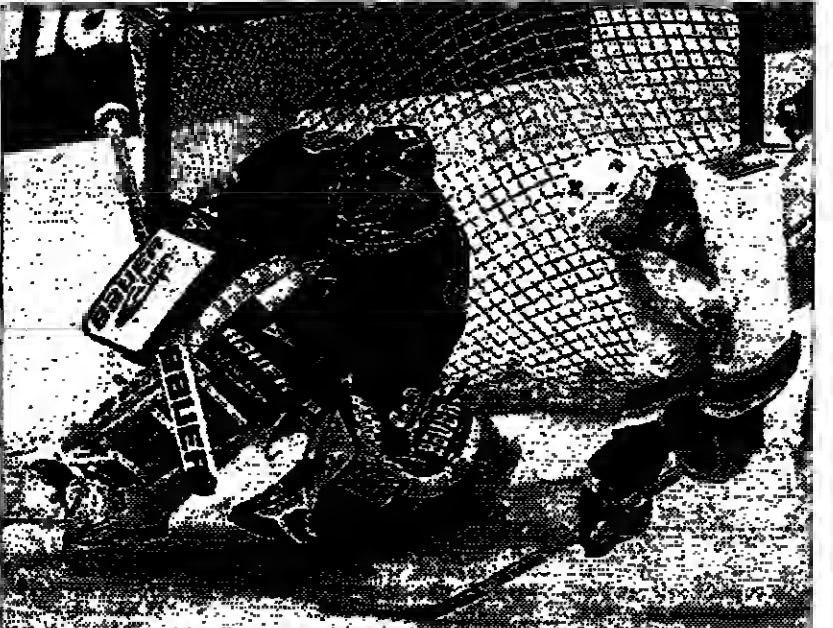
distinguish it from many other new arenas across North America.

It seats 18,800 fans for hockey, up from 15,746 at the Gardens. There are 152 luxury suites, with annual leases costing up to \$235,000, and the best 1,500 regular seats require purchase of a \$10,000 seat license.

Many of the fans in those choice seats lingered in special lounges after the end of the two intermissions, and players noticed the many empty seats as play resumed.

"It took a little away from the atmosphere," Thomas said.

The arena, in a prime downtown location near the SkyDome and the train station, was built for \$177 million — none of it public money. It is the fourth of the six NHL arenas in Canada to be named for a corporate sponsor.



Coyotes' Nikolai Khabibulin saving a shot by Panthers' Mark Parrish.

Hurricanes 3, Lightning 2 Gary Roberts scored the game-winning goal and Ron Francis moved past Stan Mikita into eighth place on the NHL career points list with two third-period assists as Carolina won in Tampa, Florida.

Capitals 3, Sharks 1 Sergei Goechar scored two power-play goals, including the game-winner with 8:46 remaining, as the Capitals beat San Jose.

The loss ended the longest uninterrupted road trip in NHL history. The Sharks, who haven't played in their California home arena since Feb. 3, went 4-5-1 and visited four time zones during the 10-game stretch.

Islanders 3, Devils 2 Bryan Smolinski scored a power-play goal with 2:59 left to cap a rare third-period rally that gave the New York Islanders a victory in New Jersey.

Senators 4, Flyers 1 The goaltender Roo Tugnut continued his strong play and Radek Book scored his sixth winning goal of the season as the Senators beat visiting Philadelphia and climbed over the Flyers into first place in the NHL's Eastern Conference.

Book's 12th goal of the season broke open a physical game in which Philadelphia outshot Ottawa, 34 to 19.

Panthers 7, Coyotes 1 Scott Melanby's 250th career goal, 33 seconds into the game, ignited a four-goal first period for Florida as the Panthers handed visiting Phoenix its fourth straight loss.

Predators 4, Blues 3 Jamie Heward had his first career two-goal game and John Slaney scored his first of the season as Nashville beat the struggling Blues in St. Louis.

Kings 2, Flames 2 In Calgary, Theoren Fleury scored his 29th goal of the season midway through the third period to give the Flames a tie with Los Angeles.

Mighty Ducks 5, Canucks 1 Teemu Selanne scored two power-play goals and Paul Kariya added a penalty-shot goal to lead Anaheim to victory in Vancouver.

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WORLD ROUNDUP

Chilean IOC Member
Said to Be Resigning

OLYMPICS The Chilean member of the International Olympic Committee implicated in the Olympic bribery scandal intends to resign Monday as president of his country's national Olympic committee, a Chilean newspaper reported Sunday.

Sergio Santander faces expulsion from the IOC in the fallout from Salt Lake City's tainted bid for the 2002 Games.

Luis Moreno, acting president of the Chilean committee, told the Santiago newspaper *El Mercurio* that he got a phone call about the resignation from a "completely credible" friend of Santander's. Moreno has been acting Chilean committee president since Santander was suspended Feb. 8.

Santander has admitted receiving \$4,700 from Tom Welch, former president of the Salt Lake City bid organizers, but he called it a personal contribution to his unsuccessful political campaign to run for the Chilean congress in 1993.

An elite ethics panel report on the Salt Lake Olympic bribery scandal will focus on how to make sure such cases do not recur, the head of the investigation said Saturday. The former Senate Majority Leader, George Mitchell, said the details and focus of his panel's two months of work would be finalized over the next week, with the report to be issued on March 1. (AP)

India Captain Under Fire

CRICKET The future of Mohammed Azharuddin as the Indian captain and the Eden Gardens as a Test venue were at stake after India's acrimonious loss to its arch-rival, Pakistan, reports said Sunday. India's humiliating 46-run defeat in the Asian Test championship opener on Saturday amid two days of crowd violence was widely condemned in the Indian media.

"Graceless Eden humiliates India," said the *Asian Age*, reporting that the national selectors wanted Azharuddin fired and the batting maestro Sachin Tendulkar installed. (AFP)

FIFA Reconsiders Replay

SOCCER FIFA, the governing body of world soccer, said it would have to review the English Football Association's decision to allow a match between Arsenal and Sheffield United last Tuesday to be replayed because Arsenal's winning goal resulted from unsporting behavior.

When Arsenal offered to replay the game, which involved a disputed goal, Sheffield United and the English FA accepted.

FIFA, however, is worried that the FA broke rules in allowing that decision. (AP, Reuters)

Lazio Blanks Inter
To Stay Atop League

Portuguese Midfielder Scores the Only Goal

Compiled by Our Staff From Dispatches

Sergio Conceicao scored the only goal of the game Sunday as Lazio won the battle of the big spenders, beating Inter Milan, 1-0, to guarantee its perch atop Italy's Serie A.

The Portuguese midfielder ran in to collect a rebound and score after Gianluca Pagliuca, the Inter goalkeeper,

dam restored its three-point lead in the Dutch league Sunday, helped by two penalties in a controversial 3-1 victory over PSV Eindhoven.

Feyenoord has also played two fewer games than second-place Vitesse Arnhem.

Jean-Paul van Gastel took the first penalty kick to put Feyenoord up, 1-0, after 30 minutes. But when the PSV keeper, Ronald Waterreus, was sent off for a foul in the box at 43 minutes, Julio Ricardo Cruz took the penalty kick and scored.

Rund van Nistelrooy gave a PSV hope with his 19th strike of the season, but Cruz scored a second goal 11 minutes from time to make sure Rotterdam ended PSV's 13-match unbeaten streak.

ENGLAND Aston Villa fell further out of title contention Sunday after John Gregory's team was held to a 0-0 tie by Wimbledon at Selhurst Park.

Villa ended a run of four league and cup losses in a row, but with Manchester United, Chelsea and Arsenal all winning Saturday, Villa now is 10 points behind the leader United.

United and Chelsea, which is second place, squeezed out victories on the road, while Arsenal, the reigning champion, scored an ominous 5-0 victory over visiting Leicester City.

United won, 1-0, at Coventry on a 78th-minute goal by Ryan Giggs. Chelsea, playing without the suspended Dennis Wise and Roberto Di Matteo, got two goals from Bjarne Goldback, a Danish midfielder, to beat last-place Nottingham Forest, 3-1.

Arsenal, which woo the league last year after a late-season rally carried it past United and Chelsea, scored four times in the first half. Nicolas Anelka scored three times and Ray Parlour tallied twice, the second at three minutes into the second half to end the scoring. Arsenal has not lost in 10 weeks.

SPAIN The league leader, FC Barcelona, was held to a frenetic scoreless draw by Celta in the Spanish soccer league Sunday, but stayed atop the

standings with 44 points. Also Sunday, No. 2 Mallorca notched up a 3-1 victory over Oviedo and cut Barcelona's lead to three points.

Barcelona and Celta battled hard throughout the game that nevertheless produced few clear opportunities. The pace kept up even after Barcelona's Portuguese captain, Luis Figo, was sent off with two yellow cards in the 71st.

Meanwhile, Mallorca's first goal came in the first minute from Daniel Garcia Lara, and just three minutes later Roberto Fabian Pompei equalized for Oviedo. Veljko Pannovic of Yugoslavia put away Mallorca's second in the 68th, and Dani scored his second and his team's third in the 85th.

Real Madrid fans whistled derisively

as their team and its coach, Guus Hiddink, left the field after a demoralizing, 1-0, home loss to Athletic Bilbao on Saturday. Although Real Madrid had the majority of possession time, it failed to break down the visitors' solid defense.

Santi Ezquerro thundered in the only goal from long-range after 73 minutes.

GERMANY Moenchengladbach has lost many one-sided matches this season while falling into the cellar, but Sunday they were unlucky in a 2-0 loss to FC Kaiserslautern. Despite outplaying the defending champions in pouring rain, Moenchengladbach fell victim to an own goal and a deflection.

Kaiserslautern moved points even with Bayer Leverkusen as Olaf Marschall guided in a deflected free kick

by Martin Wagner in the 27th minute. Moenchengladbach's Sladan Asanin then got turned around in the 54th minute, handing Kaiserslautern its second goal when he putted in a hard Wagner shot.

Bayern Munich, the Bundesliga leader, opened the second half of its league season Saturday with an easy 3-0 victory at Duisburg while its closest challenger, Bayer Leverkusen, could only draw, 1-1, at home to Freiburg. Duisburg had not lost at home this season.

FRANCE Philippe Brunel, Tony Vairelles and Pascal Nouma scored as Lens hammered Marseille, 3-1, on Saturday. Marseille was without the injured players Laurent Blanc, Fabrizio Ravanelli and Florian Maurice. (AP, Reuters)



Zinedine Zidane, left, and Antonio Conte of Juventus hugging after Conte scored Sunday against Vicenza.

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Kafelnikov Is Victorious

Russian Beats Henman of Britain in Straight Sets

The Associated Press

ROTTERDAM — Yevgeni Kafelnikov closed in on the world's No. 1 ranking Sunday, beating Tim Henman, 6-2, 7-6 (7-3) to win the ABN-AMRO tournament.

Kafelnikov, ranked No. 2, received 260 points for the victory, moving him within 85 points of the top-ranked player, Pete Sampras.

The first point of the game set the tone for the match: The seventh-ranked Henman stayed back on his first serve and lost a 14-stroke rally. After four aces in his first two service games, the Briton's first serve deserted him, and he lost the match's first break point to go down, 3 games to 2.

The Russian broke Henman again in the seventh game and went on to win the set. Henman then changed tactics and went on the offensive, serving and volleying successfully and taking a 5-2 lead in the second. But Kafelnikov rallied to tie the set at 5 games each, helped by a series of unforced errors by Henman, and then won the tiebreaker, 7-3.

In Hannover, Germany, the top-seeded Jana Novotna overcame Venus Williams in straight sets to win the final of the Hannover WTA tournament. Novotna, the world's third-ranked woman player, rifled a backhand passing shot on her third match point in picking up a tough 6-4, 6-4 victory against the 18-year-old American.



Jana Novotna hitting a backhand against Venus Williams on Sunday.

Ricochet Off Brother's Head
Saves Australian's Tee Shot

The Associated Press

SYDNEY — Paul Gow, an Australian golf pro, won about \$10,000 in the Canon Challenge on Sunday. He probably should give some of it to his older brother John.

Gow's screaming tee shot at Terrey Hills' eighth hole in the final round Sunday was headed for trouble down the right side of the fairway when it struck John, 34, who was standing more than 200 meters away, on the side of his head.

From there it cannoned some 50 meters through to a clear spot on the ninth fairway.

John Gow was floored by the im-

pact but got groggily to his feet by the time Paul, 28, arrived. John received medical treatment, and his brother went on to salvage par in his second consecutive round of 6-under-par 66 — good enough to tie for seventh place.

In his gallery, the odds of striking a family member were higher because all four of Gow's sisters and eight nieces and nephews were also there.

"My drive would have been dead as a doornail," said Gow.

"It hit John on the side of the head, and it was lucky he was wearing a cap. By the time I got down there, everyone was laughing except him."



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